

# The NATIONAL UNDERWRITER

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## Industry Adopts Statement Warning On Replacements

LIA-ALC-NALU Resolution Slightly Revised From Proposal Of Last Summer

An industry statement designed to give policyholders a better realization of the problems and disadvantages inherent in the replacement of policies has now been approved by the boards of Life Insurance Assn. of America, American Life Convention and National Assn. of Life Underwriters. The resolution differs slightly from the original proposal of last summer.

National Assn. of Insurance Commissioners is considering the adoption of a similar resolution. Also, a number of individual commissioners are considering departmental action to curb improper replacements, and it is expected that a number of life companies will use the resolution as a premium notice stuffer to inform policyholders and in company publications.

The resolution reads:

"Be it resolved that it is rarely to the best interest of a policyholder to surrender or lapse an existing policy of permanent life insurance and replace it with new life insurance. Among the reasons why such action may be detrimental to the policyholder are:

"1. Since the heavier initial costs of writing the insurance are charged against the premiums paid in the earlier policy years, the replacement of an old policy by a new one means that the policyholder must pay these costs twice.

"2. The attractiveness of a life insurance policy as an investment in-

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## Heitzeberg Elected President Of LIAMA

Charles G. Heitzeberg, Mutual Benefit Life's vice-president in charge of agencies, was elected president of LIAMA at the annual meeting held at the Edgewater Beach Hotel, Chicago. He succeeds Kenneth B. Skinner, vice-president and agency director of Southland Life of Dallas.

As reported in last week's issue, the new directors of LIAMA are Charles T. Clayton, executive vice-president Liberty National; K. G. McNab, vice-president and chief agency officer of Manufacturers Life; James E. Scholefield, vice-president and director of agencies North American L&C. and Lynn Tenney, vice-president and manager of agencies California-Western States.

## Moves To Beat Trend Against Insurance Education In Colleges

Taking the initiative in the matter of foundation reports on business education that have tended to downgrade or ignore insurance as a college subject, American Risk & Insurance Assn. (formerly American Assn. of University Teachers of Insurance) has come out with a positive statement on curricular concepts in risk and insurance that sets forth "minimum cores" of subject matter for the general student and additional depth studies for the specialist, as well as suggesting approaches to instruction.

The report was developed by a special ARIA committee headed by J. Edward Hedges, Indiana University.

Suggested "minimum core" for the general student—defined as any student pursuing business administration or economics—is the development of an awareness of the nature and universality of risk and a facility for identifying risk situations; recognizing the inhibiting influence of risk in personal and business decisions; developing a familiarity with the properties of probability as they pertain to prediction, and a general familiarity with other quantitative techniques whose applications to treatment of risk have been demonstrated; acquisition of an adeptness in analyzing risk situations so as to permit optimum selection among risk-treating alternatives; achievement of a comprehensive understanding of the mechanism of insurance.

For additional depth for the specialist, ARIA's report suggests attention to detailed analysis of hazards that threaten the economic status of individuals, business firms and other organizations; the evaluation of loss-causing potential in risk situations; the application of *a priori* probability and relative frequency to the prediction of future outcomes; the application of quantitative analysis to decision-making where outcomes of alternative courses of action are not certain; the relative merits of alternative ways of treating risk in the light of given objectives; marginal analysis, discounting and other techniques involved in a decision as to how far to incur certain costs in an effort to avoid possible future losses; the historical development and current status of governmental regulation of insurance and other risk-treating devices, such as suretyship, guaranty, hedging, and the like; the institution of insurance in its economic, social, legal and political environment; the analysis of insurance contracts, rationale for insurance ratemaking, underwriting and requirements and philosophies, and concepts

## K. C. Life Breaks Another Record

For the third time in 1961, a single month's written volume broke all previous records for that same month in the 66-year history of Kansas City Life. The field force, submitted \$18,421,760 in October, compared to \$14,421,790 for October of last year. May and August of this year also broke all earlier records for the same period.

in loss adjustments; the techniques for appraising strength, efficiency and capacity of insurers, including regard for the function and adequacy of various reserves.

Discussing approaches to instruction, the report deals with these:

1. Traditional approach: Emphasis on the mechanism of insurance as a device for treatment of risk. The strength of this lies in the attention given to the range of insurance contracts by types, to concepts of risk and insurance, and to the convenient use of literature and teaching aids.

2. The decision-making approach: The study of risk and insurance within the framework of management deci-

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## September Single Premiums Up 5%, 9-Month Gain 16%

September single premiums, of the three categories of ordinary premium collections by life companies in the United States, again led the others in percentage increase, with a total of \$17,779,000, a gain of 5%, while for the first nine months single premiums were \$175,006,000, up 16%, according to LIAMA's recently inaugurated monthly survey.

First-year ordinary premiums other than single premiums were \$80,450,000, an increase of 1% in September, and for the nine months were \$746,020,000, also up 1%.

Ordinary renewal premiums col-

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## Conn. General And Aetna Ins. Co. In 'Affiliation' Move

Boards OK Proposal To Let C. G. Acquire Fire Insurer Through Exchange Of Stock

HARTFORD—Directors of Connecticut General Life and Aetna Ins. Co. in separate board actions Monday approved a plan of affiliation.

The plan calls for a two-for-one split of Connecticut General stock, with a reduction in its par value from the present \$10 a share to \$5 and the offer to Aetna stockholders of 1.2 shares of the new Connecticut General stock for each share of Aetna stock.

Directors of Connecticut General indicated an intention to declare an initial quarterly dividend of 20 cents a share on the new stock. This represents a 14% increase in the dividend rate, since the current dividend, adjusted for the stock split, is 17½ cents.

The exchange proposal requires approval by the insurance commissioner of Connecticut as well as by Connecticut General stockholders. The exchange offer will also be conditional on acceptance by holders of at least 80% of Aetna stock, receipt of a Treasury Department ruling that the exchange is tax-free, and satisfactory audits.

Connecticut General directors will call a special meeting of stockholders for Jan. 3, 1962, to approve the plan and authorize the formal offer to Aetna stockholders. Directors of Aetna en-

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Posing for a group portrait are the newly elected officers of Institute of Home Office Life Underwriters. Seated, from left, are W. Ronald Marshall, Paul Revere Life, secretary-treasurer; Clyde R. deHaas, Equitable Life of Washington, D. C., president; Harold A. Munson, Guarantee Mutual Life of Omaha, executive vice-president, and Robert M. Kidd, Ohio National Life, vice-president and editor. Standing, from left, are members of the executive committee, W. Richard Condon, General American Life of St. Louis; Clark H. Hutton Jr., Life & Casualty; Maynard L. Boucher, National Life of Vermont; I. M. Spear, State Farm Life; John D. Rockafellow, Pacific Mutual Life; William T. Warren Jr., Southern Life & Health, and James E. Reeder, Independent Life & Accident. Not shown are Al O. Konigson, Lutheran Brotherhood, convention secretary, and Gale P. Osterway, National Public Service of Seattle, reelected a member of the executive committee.

## Offers Plan To Eliminate NALU Politicking, Retain Democracy

The following proposal for eliminating the politicking from NALU elections while still retaining democratic balance of power is offered by Bernard H. Zais, Burlington, Vt., one of the leading producers of Connecticut Mutual Life, a CLU, a qualifying and life member of the Million Dollar Round Table and president and chairman of Health Insurance of Vermont Inc.



Bernard H. Zais

Your editorial of Aug. 26 asking your readers to comment on the present method of electing officers to the National Assn. of Life Underwriters gave me the motivation to make a motion on the floor of the national council at the Denver convention. This motion, in essence, was a directive by the council to the board of trustees to implement, as soon as possible, a special committee to study our present election processes, with the thought that through this investigation a better system might evolve. The record will show that this motion was carried almost unanimously.

Granted, much has been said and much has been written on this subject—but little has been done about it! With the passage of this motion, I think the machinery at long last has been started to actually take a second look at the sophomoric campaigning and circus-like electioneering which has characterized NALU conventions of late.

### Two Sides To The Coin

Some people will contend that in order for an organization to be truly democratic, it must have its campaigning, and to make nomination by a committee tantamount to election denies that organization a pure form of democracy. On the other side of the coin, however, is the undeniable fact that button-holing, back-slapping and other politicking practices deprive the organization of the services of capable individuals who refuse to subject themselves to the embarrassments and humiliations that go with this sort of thing.

Therefore, I think it is important to decide, once and for all, whether we are truly a professional organization or a political organization. If we conclude that we are, in fact, a pro-

fessional organization, then it is axiomatic that the primary consideration is not geographical or company affiliation or even sex—but rather the filling of the position with the best talent available, irrespective of any other consideration.

It is because many members—including myself—have looked with disfavor upon our present "system" that I take this opportunity to write to you concerning your editorial. They contend that much effort, time and money have been spent in campaigning that might otherwise have been put to better use in promoting the professional aims to which we all aspire. Certainly I would not be so presumptuous as to offer the solution to the problem, but since you are asking for suggestions may I give you my thinking for whatever it is worth?

Well, what's wrong with nominations that are tantamount to election? Nothing, I say, provided the nominating committee is so elected as to preclude the possibility of personal aggrandizement or self-perpetuation. How can such a committee be selected? How do we form such a committee, one that meets the specifications? Here's my suggestion:

The nominating committee of NALU could consist of, for instance, the incumbent president of NALU, the two immediate past presidents of NALU, the incumbent presidents (or chairmen) of all of the allied associations, including but not limited to American Society of CLU, General Agents & Managers Conference, Life Underwriter Training Council, Million Dollar Round Table, Women Leaders Round Table, plus two or three members of NALU at large who have never served

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## Fear Variety Of Replacement Rules Will Hobble Sales

Some concern over the danger that a lack of uniformity among the states in their efforts to curb unwarranted replacement may hurt legitimate selling operations was expressed at the meeting of the joint field relations committee of American Life Convention and Life Insurance Assn. of America with the corresponding committee of NALU at Chicago. The participants voiced the hope that such detrimental results could be avoided.

With regard to the replacement problem, which was one of the three general topics covered, there was discussion of the resolution recently promulgated by the governing bodies of ALC, LIA and NALU for the purpose of educating policyholders, company personnel and agents to the disadvantages of replacement. There was also discussion of the position taken earlier by the National Assn. of Insurance Commissioners with respect to a similar resolution.

### Deals With Drafts

Discussion of proposed amendments to existing group statutes dealt primarily with preliminary drafts of an anti-discrimination test to be used in connection with determining amounts of group insurance available to employees within a group. Such proposals would be designed to implement recommendations made in the 1960 report of the joint ALC-LIA committee on re-examination of group policy, known as the Beers committee.

The third topic, improving the public image of the agent, covered such factors as better selection of agents, emphasis on the advantages of selling life insurance as a career, and improvement of training methods. There

## Changing Population Theme Of Institute Gathering Dec. 12

NEW YORK—A presentation based on the recent Arden House conference on the changing American population will be featured at the Institute of Life Insurance annual meeting Dec. 12 at the Waldorf-Astoria Hotel, New York City.

Walter O. Menge, chairman of the institute and president of Lincoln National Life, will present the highlights of the Arden House conference. His remarks will be supplemented by color slides made at the conference and by taped portions of the talks given there.

The Arden House conference brought together 30 top life insurance executives and 36 leading social scientists under the joint sponsorship of the institute and Columbia University's Graduate School of Business. Associate Dean Clarence C. Walton of the school will give the major findings that grew out of the discussions and then analyze the implications of these findings for the life insurance business.

Miss Catherine B. Cleary, vice-president of First Wisconsin Trust Co. of Milwaukee, in discussing certain significant sociological trends, will reflect the viewpoints of a woman who has combined a professional career

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was discussion of efforts that had been made or could be made by companies and industry organizations with respect to these matters.

The meeting was conducted jointly by President Roger Hull of Mutual of New York, chairman of the company committee, and President R. L. McMillon of NALU, chairman of the agents committee.

## Early Announcements Of 1962 Dividend Scales

Funds Left With Co.						Funds Left With Co.					
Name of Company	Current Policies	Old Policies	Non-withdrawable	With-drawable	Accum. Div'ds	Name of Company	Current Policies	Old Policies	Non-withdrawable	With-drawable	Accum. Div'ds
Aetna Life	Same as '61	Same as '61	3.75	3.75	3.75	Lifeco	Same as '61		3.5	3	3.5
Aid Assn., Luth.	Same as '61		(d)	(d)	4	Manufacturers, Can.	Increased		4.1	4.1	4.1
American Income, Ind.	Same as '61	Same as '61	2.5	2.5	4	Massachusetts Mut.	Same as '61 (i)	Same as '61	3.9	3.9	3.9
American Republic, Ia.	Same as '61 (e)	Same as '61 (e)	2.5	2	2	Midland Mutual	Increased	Increased	4	4	4
Bankers Mut., Ill.	Increased		2.5	2.5	3	Modern Woodmen	Same as '61	Same as '61	3.65	3.65	3.65
Bankers Natl., N.J.	Same as '61	Same as '61	3.5	3	3.5	Mutual Benefit Life			3.65	3.65	3.5
Bankers Union, Colo.			2.5 & 3.5	2.5 & 3.5	4	Mutual Life, Can.	Approx. 6% Incr.	Approx. 6% Incr.	4.5	4.5	4.5
B.A.R.E.			2	2	3	National Guardian, Wis.	Increased		Guar.	4	4
Berkshire Life			3.6	3.6	3.6	National L.&C., Ariz.	Same as '61	Same as '61	2.5	2	3.8
Boston Mutual			3.25	2.75	3.25	National Life, Vt.			3.7(b)	3.8(c)	3.8
Citizens Life, N.Y.			2.5	2.5	3.75	National Old Line, Ark.			2.5	2.5	3.5
Colonial Life, N.J.			3.5	3.5	3.5	National Travelers			3	3	3
Constitution Life, Ill.	Same as '61		2.5	2.5	3	Nebraska Natl.			3	2.5	3
Continental Amer., Del.			3.5	3.5	3.5	New England Life	Approx. 22% Incr.	Approx. 22% Incr.	3.8	3.8	3.8
Country Life, Ill.			3.5	3.5	3.5	North Carolina Mutual	Same as '61	Same as '61	3	3	3
Dominion Life, Can.			3.5	3.5	3.5	Northern Founders			2.5	2.5	3
Eastern Life, N.Y.			3.25	3.25	3.25	Northern Life, Can.			4(k)	4(k)	4(k)
Educators Mutual	Same as '61		3	3	3.5	Northwestern Mut.	Increased	Increased	3.75	3.75	3.75
Farm Bureau Life, Mo.			2.75	2.75	2.5	Olympic Natl., Wash.	Same as '61	Same as '61	3.75	3.75	3.75
Farmers and Traders, Ill.			3.5	3.5	3.5	Pacific Natl., Cal.			3	3	3.25
Fidelity Life Assn., Ill.	Approx. 15% Incr.	Approx. 8% Incr.	4	3	4	Pioneer American, Tex.		Same as '61	3.5	3	3.5
Fidelity Mutual Life	New Scale (a)	Increased	3.5	3.5	3.5	Pioneer Mut., N.D.			3.5	2.5	3
First Nat'l Life, Ariz.	Same as '61	Same as '61	3	3	3	Provident Life, N.D.		Same as '61	3.25	3.25	3.5
First Pyramid, Ark.			3	3	3	Provident Mutual			3.6	3.6	3.6
General Life, Wis.			2.5	2.5	3.5	Richmond Life, Va.			2.5	2	3
Gibraltar Life, Tex.			(f)	(f)	3 & 3.5	Security Benefit Life			3.5	3	3.5
Govt. Personnel Mut.			4	4	4	Sentry Life, Wis.			3	3	3
Great Northwest, Wash.	Approx. 10% Incr.		4	4	4	Shenandoah Life, Va.			3.5	3.5	3.5
Great Southern Life		Same as '61	3.5	3.5	3.75	Standard L. & A.			3.5	3.5	3.5
Great-West, Can.	Increased		3.75	3.75	3.75	Texas Reserve Life			3	3	3
Guarantee Mut., Neb.	Same as '61	Approx. 5% Incr.	3.5	3.5	3.5	Union Central Life			3.2	3.2	3.2
Home Life, N.Y.	Increased (g)	Increased (g)	3.75 (h)	3.75 (h)	3.75	United Home Life			3	3	3
Hoosier Farm Bur.	Approx. 33% Incr.	Same as '61	3.25	3.25	3.25	United Security			3	3	3
Illinois Mid-Continent	New Scale (a)		2.5	2.5	3.5	U.S. Life	Approx. 7 1/2% Incr.		3.75 (c)	3.75 (c)	3.75
Jefferson Natl.	Same as '61	Same as '61	3	3	3.5	Victory Life, Ill.	Approx. 6% Incr.	Approx. 6% Incr.	2.5	2.5	2.5
Knights of Columbus			3.5	3.5	3.5	Western Life, St. Paul	Same as '61	Same as '61	3.75	3.75	3.75
Life & Cas., Tenn.			3.5	3.5	3.5	Western Nat'l, Tex.			3	2.5	3
Life Assur., Pa.			3	2.5	2.5	World Ins. Co., Nebr.			3	3	3.25

(a) New scale adopted Oct. 9, 1961 on 1958 CSO basis.

(b) Involving life contingencies.

(c) Not involving life contingencies.

(d) 4% on deposit settlement options; 3.75% on fixed period and guaranteed portion of life income settlement options.

(e) To October, 1962.

(f) 2.5% on life income options; 3.25% on interest only options, 3% on period certain options.

(g) To April 1, 1962.

(h) Except settlement options involving life contingencies 3 1/2% on editions of 1944 and after; 3% on editions prior to 1944.

(i) Except for increased dividends on 5 year term plans.

(k) 4.25% in Canada.

(m) Applicable to new 1958 CSO policies.

### Stockholder Contributes

#### Stock To Georgia Company

A donation of 175,000 shares of common stock to the treasury of Foundation Life Insurance Service Co. of Atlanta has been made by Charles C. Bales, the company's largest stockholder.

The holding company which owns two-thirds of Foundation Life of Georgia, will use the stock to finance the acquisition of real estate and to set up a stock option plan for directors.

This organization was originally the service company for several small life companies that were merged to become Foundation Life. Foundation Life Insurance Service Co. then dropped its servicing and became a holding and investment company.



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**FORWARD... MARCH!**

**BUT NOT WITHOUT AN ABOUT FACE TO THE PAST.**  
Ten years ago we enthusiastically supported the creation of the NALU's General Agents and Managers Conference. Over the years, it has provided an industry-wide medium for the exchange of ideas... ideas that continually strive to improve modern management methods.

Because we believe that the continued improvement in training of agents and managers leads toward higher standards in life under-

writing, we congratulate organizations such as the GAMC for furthering this concept.

Many years ago our own General Agents and Managers Association was formed. And more recently, Provident Mutual confirmed its belief in the value of training by initiating formal Management Training Schools at the Company's Home Office.

New concepts... new methods... new programs in our industry. We look for more *forward marching* to come!

**PROVIDENT MUTUAL LIFE INSURANCE COMPANY OF PHILADELPHIA**

## Mid-West Managers Conference Surveys Methods Of Building Strong Agencies

Home office and field managers from 24 states and the District of Columbia attended the annual Mid-West Management Conference sponsored by Indianapolis association of GAMA at French Lick, Ind. They constituted the largest registration in the history of the conference, for which the theme this year was finding and developing the right kind of manpower to build

agencies.

Joseph L. Beesley, senior vice-president Equitable Society, opened the program with a description of the challenges to agency management. Mr. Beesley saw seven such challenges: More effective marketing; the necessity of guiding agent thinking toward permanent coverage, unimpaired by loans; adaptability to change without cheap-

ening the product or weakening the position of the agent; economy in agency management; development of sales motivation in agents; professional training for professional development, and business morality and practice.

### Coelho Speaks

"Putting Your Man Under the Spotlight" was the title of a talk by Daniel S. Coelho, general agent of Pennsylvania Mutual Life at Detroit. He listed eight factors the general agent might consider in selecting recruits:

—The general agent should have a clear picture of the kind of man he wants in his agency. The alternative is panic recruiting, Mr. Coelho pointed out.

—Reject by test, he advised; select only by judgment.

—Maturity rather than chronological age should be the criterion.

—The man must be geographically close enough to work with—not much more than 40 miles away.

—The recruit must be someone with whom the general agent can communicate.

—The general agent should know a recruit's complete financial picture, not only the surface appearance.

—Look for a success pattern in the recruit's past.

—The general agent should keep a check sheet before him listing the qualities he demands of a recruit. "He may not rate 100% on all of them," Mr. Coelho said, "but if he rates zero on any one, don't hire him."

"Don't Let Speed Fool You," advised R. R. Davenport, senior vice-president Southwestern Life, in his address. He referred to "volume-itis"—the attempt to make agency growth appear faster than that of competitors. "Down deep, everyone knows agency building takes time," he said. "But too often we attempt to short-cut it by grabbing somebody else's man here and there. Then he grabs some of ours, and the race is on."

### Details Transition

Mr. Davenport detailed his company's transition from a large, low-average-production field force in the 1930s to a smaller, highly-trained group of agents with a high production average. "The training involved costs money," he admitted, "but we have a feeling that a good agent is worth an investment." The transition also takes time, he emphasized.

Seth C. Macon, associate manager of Jefferson Standard Life at Greensboro, N. C., listed the following as basic principles of recruiting and selection:

—Look for an ambitious man.

—Train yourself to have a good memory for facts and faces you see and hear in newspapers and elsewhere.

—Give the recruit a down-to-earth approach to the business.

—Assure him that he will have help and guidance.

—Erase from his mind the idea that salesmen are "born."

—Relate his past experience to the demands of life selling.

—Present life selling as a challenging career. Stress that it is a stable business, an unlimited market, and that compensation is tied to results. Point out that there are no ceilings, nor problems of seniority. Especially emphasize the "do it yourself" aspects of selling.

Lawrence J. Evans, general agent of Northwestern Mutual Life at Portland, Ore., considered "What's Working For Us and Why." He remarked that he had found it advantageous to own his agency building, although he admitted there are added expenses not encountered by a renter.

He described his selection techniques as including a personal interview, aptitude index, intelligence test, an attitude study by a psychologist, and a personal interview with a consulting psychologist. All these, he stressed, are supplements. The final decision must be made by the general agent. "He must fight constantly to keep from letting the supplements make it for him."

Mr. Evans said that he warns the

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W. deV. Washburn

President, AMERICAN HEALTH INSURANCE CORPORATION

## A Personal Message to Life Underwriters Seeking a More Rewarding Career with Health and Life Insurance

Our only concern as health insurance specialists is to do the best possible job for our policyowners and agents in health insurance. More is involved than just policy provisions, rates and commissions. This we have known right along, of course.

As a company engaged from the start in this specialized underwriting in its own right, we have a sureness of effort and attitude of service in health insurance, and we enjoy and are grateful for our well-earned reputation for integrity. The secret ingredient of inner confidence helps each of our agents succeed, of course. He knows he will deliver the promises he makes to others, with a special kind of service.

Life and Health Insurance go together. We believe that if you are a life man interested in moving ahead in a sound, secure career you should take a good look at *American Health*—an insurer that specializes in this single type of coverage, with a very high growth potential for you. It will help you set your own standards.

Health insurance can harm you or help you in a life insurance career. As a result of specializing, we believe we understand the problems of this business in general, and those of the agent or general agent in particular. We believe we know just a little more about how you—a life agent—can better employ health insurance as a tool in your career accomplishment.

At *American Health* there is always room for carefully selected agents who intend to move ahead, and who have deserved, good reputations in their communities.

If these ideas make sense to you, we would be glad to tell you more.

Why not check a little further into the American Health Story?

*W. deV. Washburn*

W. deV. Washburn  
President



AMERICAN HEALTH  
INSURANCE CORPORATION

300 St. Paul Place, Baltimore 2, Md.



## Get Off Defensive, Schaaff Urges In Address To LIAMA

The life insurance business should get off the defensive and take the aggressive role, Executive Vice-president Charles H. Schaaff of Massachusetts Mutual Life, urged in his talk at the annual meeting of LIAMA at the Edgewater Beach Hotel, Chicago.



Charles H. Schaaff

"We have been on the defensive too much and too long," he said. "Let's do our fearfully important job. Let's tell the story of the logic of life insurance, the world's best form of personal property, for which there is no substitute. Let's be proud of our product, our mission, our institution, our companies and our profession, and leave no doubt about it in the public mind."

### Lack Of Success

Mr. Schaaff said alternatives to the agency system of marketing life insurance have been tried over the years, with a notable lack of success.

"It has been said that any business may have high marketing costs in the beginning, but that when the missionary period is over you can find a cheaper method of distribution," he observed. "As a pure marketing device, over-the-counter selling might be less expensive, but it certainly would not get the job done. It is still a fact that life insurance is not bought voluntarily. It must be sold, and this applies particularly to cash value life insurance."

"We might sell direct from the home office, or through a force of salaried agents at less expense, but if we did I guarantee that America would suffer. The effect on society and our economy would be marked and immediate. Fathers just wouldn't provide for their families or their own later years, with the result that the burden would fall upon society—specifically the remaining productive workers. The capital available for industry would be drastically reduced, and a very major prop would be pulled out from under the economy of this nation."

### Expresses Doubt

Mr. Schaaff said that recently there has been a lot of talk about threats to the agency system but he expressed doubt that the competition or the so-called threats to the agency system stem mainly from things outside the business.

"For example, I do not believe that mutual funds are a threat to our business, much less the agency system, if we go to work and do the education, sales and service job we ought to be doing."

In addition to urging an aggressive and positive approach in extolling the many virtues of life insurance, Mr. Schaaff urged an end to what he called "hanging out our dirty linen in public."

"Sometimes I think much of this stems from competitive factors or frustrations over our own problems or failures," he said. "But why start a crusade, an investigation, an industry committee, or worst of all, an appeal to the state or federal government to step in? These threats to the agency system are our problems and we should solve them ourselves."

## IAHU Condemns Unethical Health Policy Practices

International Assn. of Health Underwriters at a recent board meeting condemned unethical practices involved in replacement of health policies.

Robert Demmons, Pan-American Life, acting head of the association's persistency award committee, reported that growing replacement practices in individual health insurance are against the public interest and contrary to the association's code of ethics.

Tenet number five of the association's code of ethics reads: "Present policies factually and accurately, giving all information to my prospect which may be essential to his best interests." Tenet number eight: "Be fair and just to my competitors, attempt no twisting, and make no statements which may do injustice to another company or competitor."

The IAHU resolution on replacement says the association wishes to re-emphasize its concern of unethical business practices with regard to the inducement of policyholders to discontinue their insurance for the replacement of same by an inferior contract and states that IAHU dedicates itself to do all in its power to emphasize the importance of uninterrupted coverage to insure proper financial assistance in time of need."

## Urge Minn. Producers To Run For Public Office

Insurance men make exceptionally good legislators, according to an article in the Bulletin of Insurance Federation of Minnesota. A reshuffling of legislative districts in Minnesota will create 13 virtually new districts for which there is no incumbent in 1962. The article urges insurance men to run for these offices.

"In order to be successful insurance men and write the coverage that is needed, they must know something about everyone's business," the bulletin says. "A good legislator must know something about everyone's business in order to know how a proposed law may affect his different constituents."

"Insurance men must have a wide acquaintanceship in order to be successful. A legislator must have a wide acquaintanceship in order to be on speaking terms with his constituents who have problems before the legislature they wish to discuss with him. It would be well for the state and the industry if insurance men in these districts without incumbents would give thought to making themselves available as candidates."

The federation's annual meeting will be held Nov. 20 in Minneapolis. The speaker will be Christian F. Beukema, president Oliver Iron Mining Co., a division of U. S. Steel Corp.

## Nationwide Life Passes \$2 Billion In Force Mark

Nationwide Life passed the \$2 billion insurance in force mark last month. The 30-year-old company surpassed the \$1 billion figure five years ago.

The two-billion mark represents a gain of \$200 million since the first of the year. Nationwide Life ranks 57th in size among life companies in this country, and is the major subsidiary of Nationwide Corp.

one of the

# best and one of the busiest

Comparable year-to-date figures continue to show that Central Life's sales consistently run well ahead of the life insurance industry as a whole. There are several reasons why this is so—and Central Life agents agree that an important one is *true graduated premium* on all plans (except single premium). The quantity discount idea, first introduced in the United States by Central Life in 1955, is another example of the sales-minded leadership that's making "One of the Best" one of the busiest, too!

## Central Life

ASSURANCE COMPANY, DES MOINES 6, IOWA

Progressive and competitive, yes . . . but not

at the expense of financial security

ASSETS	\$180 Million
SURPLUS	\$15 Million
INSURANCE IN FORCE	\$650 Million

## LOANS ON RENEWAL COMMISSIONS

Typical 4 Year Loans on Vested Renewal Commissions:

Amount paid to client	Face amount of note	48 equal monthly installments
\$ 2,000.00	\$ 2,554.08	\$ 53.21
5,000.00	6,385.92	133.04
10,000.00	12,771.84	266.08

Loans of any denomination are available from \$2,000.00 to \$100,000.00 on a 2, 3, or 4 year basis. Unearned Discount refunded fully on prepaid loans.



Nationwide Life Insurance Service for Life Insurance Representatives

Please write or phone us!

**LIFE UNDERWRITERS SERVICE CORPORATION**

Security Building • Denver 2, Colorado • Department 1

Please send me further information, at no obligation. ☐ Gen. Agt. ☐ Agent

Name \_\_\_\_\_  
 Company \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_

Loans are handled promptly and confidentially!

## PR Man Objects To Insurance Week Celebrations, Sections In Papers

Kenneth K. Wunsch, director of public relations and advertising of Northwestern National Life, has this to say about the life insurance "weeks" and the proclamations and special newspaper advertising that go with them:

As a public relations man, I take a dim view of the increasing number of

proclamations of one kind or another which governors are being asked to sign on behalf of the insurance industry, and of the growing number of special editions or sections of newspapers supposedly aimed at focusing public attention on the importance of the insurance business to a given community. Most of these, as you know, are instigated by local life underwrit-

ers associations which apparently feel that this is the best way of alerting the public to the importance of the life insurance business. I have received endless appeals from our men around the country to participate in the advertising necessary to finance such special sections, and always the form letter accompanying this appeal urges the agent to turn the pressure on his home office agency or advertising department to loosen the purse strings and help make this project a success. Well, as far as the gubernatorial proclamations are concerned, an article appeared in the Minneapolis Star

a week or so ago (apparently on a "slow" day for the reporter covering the capitol) in which he gave a tongue-in-cheek recital of the kind of proclamation tomfoolery to which a governor is subjected. It turned out that there are more special weeks proclaimed by our governor than there are weeks in the calendar. And they range all the way from National Pickle Week up and down. My personal contention is that under these circumstances the inclusion of any kind of an insurance week—be it life, health or fire and casualty—does the industry no good in the eyes of the public. If anything, it tends to produce a negative reaction by suggesting that our industry, along with others equally short-sighted in their tactics, is imposing unduly on the limited time of the state's already hard-pressed chief executive.

By the same token, the type of thinking which arrives at the conclusion that a special newspaper edition or section devoted exclusively to the subject of insurance is going to be read by the general public and is likely to increase substantially their appreciation of our business, is equally far off the track. In the days before the organization of the Institute of Life Insurance there used to be an annual Life Insurance Week. As I recall it, the observance was held in June of each year.

### Needed Better Understanding

The organization of the institute was predicated, among other things, on the conviction that life insurance deserves to be better understood by the public not just during one week but throughout every week of the year. The institute's public relations and promotion program was designed to supersede the special weeks and other promotions of a less sophisticated era.

Apparently a younger generation of life underwriters is moving to the fore in local associations across the country and regards the idea of a "Life Insurance Week" as something new and unique. I don't know what, if any, encouragement they are receiving from national NALU headquarters, but I hope none whatever, because it should be apparent to people in our industry with any sense of public relations that the only real beneficiary of these spasmodic and ill-conceived promotions is the newspaper which is tapping the companies and agencies for advertising. I sense that increasing number of life insurance advertising men share this view.

### Danger Twofold

The danger, as I see it, is twofold: First, the material going into such special sections or editions is often not carefully prepared. Frequently it is quite out of the control of life insurance people and in the hands of newspaper writers who, however well-meaning, are not adequately informed to do the job; second, life insurance management people who suspect that this isn't quite the right approach to creating better public understanding of our business may nevertheless be persuaded to "go along" with advertising in these sections on the ground that their company will be conspicuous by its absence if they do not. The result is that limited dollars are diverted from more worthwhile public information efforts.

Detroit Mutual Life has shifted its full operations to the new home office building at 333 Plymouth Road, Plymouth, Mich.

## "as an A·U·L agency manager you stand tall!"

says Lawrence (Pete) Leland

American United Life Vice President and Agency Director

The A·U·L organized training and development program for agency managers is boosting office efficiency and field productiveness... has contributed strongly to the remarkable gains in new business that have lifted American United Life into the top 3% of all American life insurance companies.

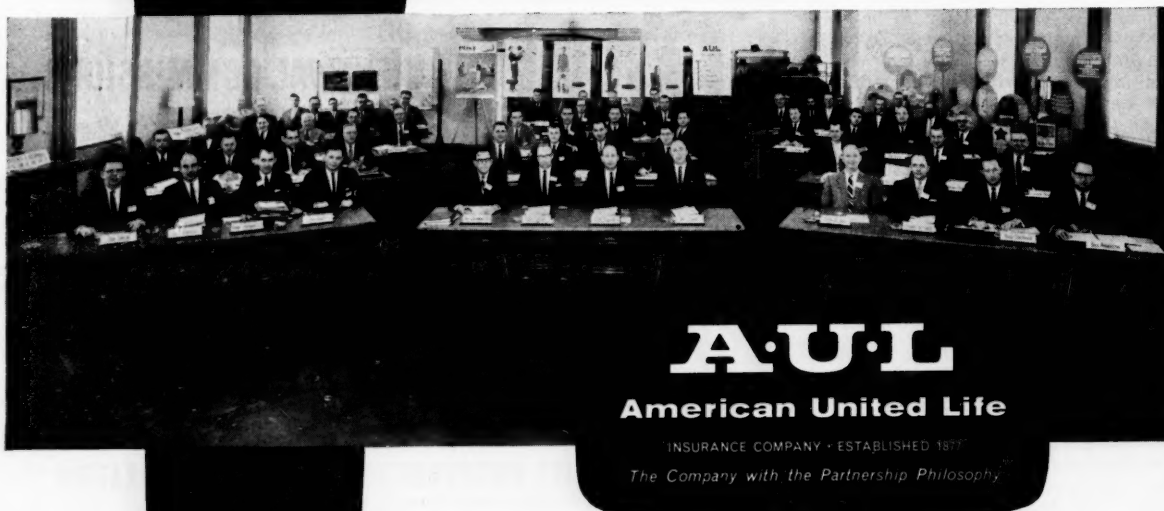
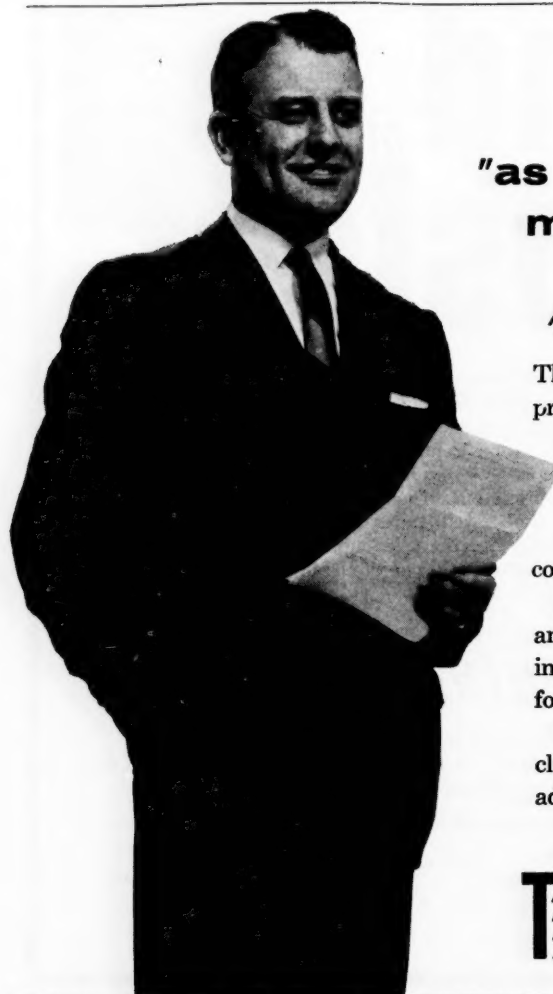
Regularly scheduled meetings bring out the latest and most rewarding ideas in selling, recruiting, training and supervising. There is a 3 year follow-through for the development of successful managers.

Pictured below is our January meeting, which included a preview of A·U·L Saturday Evening Post advertising for 1961.

### A·U·L

THE COMPANY WITH  
ALL MEN  
ALL THINKERS  
ALL PLANNERS  
ALL DOERS

You too can be a Tall Man with A·U·L. It's a good company to buy from or sell for—where the partnership philosophy is a way of life.



AMERICAN UNITED LIFE INSURANCE COMPANY  
HOME OFFICE • INDIANAPOLIS 6, INDIANA

ALL ORDINARY LIFE FORMS • FLEXIBLE OPTIONS • LOW NET COST SPECIALS • BUSINESS LIFE INSURANCE • KEY MAN • PARTNERSHIP • ANNUITIES • UNIQUE JUVENILE • GROUP LIFE • GROUP CREDIT INSURANCE • GROUP MORTGAGE INSURANCE • GROUP RETIREMENT • PENSION TRUSTS • NON-CANCELABLE DISABILITY INCOME • GUARANTEED RENEWABLE MAJOR MEDICAL • GUARANTEED RENEWABLE HOSPITAL & SURGICAL • SPECIALISTS IN SUBSTANDARD UNDERWRITING & REINSURANCE.



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## The Equitable Life of Max Rapaport in Bangor, Me.



**Rapaport family** briefly abandons cozy home to enjoy the snow. Wife Pauline is in the middle, next to Max. Daughter Elinor,

at left, is a senior at Boston U. Daughter Esa Jane, right, is an eighth-grader at the Garland Street Junior High School.



**Sometimes** starts his day with a shirt-sleeve breakfast at the Sales Executives Club where he is a director. Other directors, seated left to right, are Philip Chalmers, Irving Hunter, Edward Beausang and Nate J. Rogers.

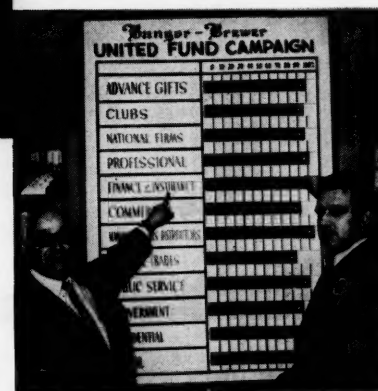
**A Man's Prestige** somehow goes hand in hand with the prestige of the company he represents. This is why Max is proud to be a life underwriter for Equitable. It's a full life. And a rewarding one. **Living Insurance is more than a need . . . it's a career!**



**Maxwell Rapaport, CLU**, starts his busy days by dictating to secretary Frances Treadwell, making appointments, and going over the calendar. He's a member of Equitable's Sidney J. Smith Agency in Portland.



**Energetically** makes personal calls. Here he talks to client Max Kagan of the Kagan-Lown Shoe Company, while son Irving Kagan looks on. The factory building was financed by an Equitable mortgage loan.



**Wholeheartedly** joins in city activities. Proudly shows William Wilson, Executive Secretary of the United Fund, the achievements of the finance and insurance group—in which Max was very active.

## THE EQUITABLE

Life Assurance Society of the United States  
Home Office: New York, N.Y. ©1961

## Austin Agents Hold Sales Jamboree

Some 200 agents attended the sales jamboree held by Austin Assn. of Life Underwriters. William J. Nolen Jr., Southwestern Life, president of the association, presided.

### Four Receive Degrees

Four new CLUs received their degrees during the jamboree. They were Richard L. Chaney, Occidental Life of California; William Holly, American Founders Life; Frank M. Jones, Aus-

tin Life, and Eldon Newton, Great National Life.

The amount of life insurance carried on the average is barely enough for one year of income, John S. Bickley, professor of insurance at University of Texas, reported. He urged producers to change their views on the amount of insurance that is adequate. A minimum of \$25,000 to cover a student in college is more realistic than the generally accepted starting minimum of

\$5,000 to \$10,000, Mr. Bickley believes. After the student leaves college, the coverage should be increased as income rises.

Milton H. Josephson, Southland Life, said that one of the difficulties in selling health coverages is that most people think first of hospitalization, while the first function of these coverages is income replacement. He warned that if producers don't sell health insurance the government will. Though the Kerr-Mills bill provides care for those over 65, only 4% of those working have adequate insurance, and only 10% have adequate health insurance.

Loss of income causes 66% of fore-

closures on homes, Mr. Josephson said. He declared that "key man" health insurance is as important to a corporation as life insurance. He cited a study made by New York Life which showed that producers selling disability sold a larger volume of life.

A shoe clerk asking 15 people to buy life would make at least one sale, according to William E. Boyer, New York Life. He asserted that there are no new sales ideas, but that to be effective ideas must be organized.

### Sales Techniques

He said that he starts each day with an envelope containing ten prospect cards taken from a file of three by five cards containing essential information. He stressed that he does not prepare programs before seeing each prospect and determining his need. He devotes an hour and a half at the end of every afternoon to cold canvassing.

A special feature of the jamboree was the "Sellorama," during which agents presented sales ideas they had found valuable in three-minute speeches. Among those speaking were the following:

Russell Gregory, Prudential, said he works in the "youth market," concentrating on college students or recent graduates. He asks these students why they don't guarantee their future insurability, and then suggests buying a coverage which will assure that they can buy the insurance they need when they have a family.

Robert L. Caldwell, Southwestern Life, said that when he is unable to close a sale, he returns later with an application filled and ready for the prospect to sign. He asks the prospect to read the application and say whether it is correct. The prospect usually signs after reading.

### Insurance As Property

W. A. Smith, Lincoln Liberty Life, tries to establish the idea of life insurance as property in the mind of a young prospect. He describes it as a piece of property which can be bought for no down payment and under a mortgage to be paid over a 20 year period. The property is given to the family of the prospect free of encumbrance should he die. Mr. Smith also stresses the idea of money at 2½%, payment guaranteed by a bank, with an assurance of all money paid back that was paid out on the mortgage.

Roger N. McCown, American Founders Life, calls on each policyholder once a month for a chat, so guiding the conversation that he is in control. He discusses changes in personal situation that are likely to affect the family. He advised, "Be businesslike, let the policyholder know that you will return with a plan for him. This has kept my persistency above 90% and has been responsible for 80% of my sales."

Others giving short talks were Victor M. Williams, Prudential; A. Allan Adams, National Life & Accident; Frank M. Jones; Arthur C. Wilson, United Fidelity Life, and James L. Lozier, Central Life. Chairman for the session was Norwood King, Great National Life.

Benjamin N. Woodson, president American General Life, closed the jamboree with an inspirational talk in which he told why he was glad he had spent 34 years in the life business. Guest speaker at the presentation luncheon was Harper H. Bass, Massachusetts Mutual Life, president of the Texas association.



Will this little lady grow up in a family that will always know the comforts of security? The answer may depend on you. □ As a life insurance counsellor, you have a responsibility to advise the fathers in your community. Great-West Life stands ready to assist you in providing the *right* plan to fit any father's need. □ Great-West is noted for its wide variety of coverages, its brokerage service and its liberal commissions. Call or write our nearest office today: **Great-West Life**

ASSURANCE COMPANY





C. JEROME MOORE

Santa Ana, California  
September 21, 1961

Mr. Eric Joel, General Agent  
Franklin Life Insurance Company  
Santa Ana, California

Dear Eric:

A member of Franklin's top production and honor clubs, Jerry Moore had no sales experience prior to joining Franklin in 1955. In his first full year he earned over \$7,000.

Here is the record of his earnings as reported to the Internal Revenue Service.

1956	\$ 7,174.15
1957	12,026.83
1958	13,063.07
1959	14,935.58
1960	15,597.29

GENERAL AGENCY  
OPPORTUNITY  
IN  
PALM BEACH,  
FLORIDA

Thanks, for making possible the wonderful five years that I have recently completed with Franklin Life.

When I think back on my previous work as a plasterer, I recall vividly how frustrated I was because I could see no future in that work. I wanted to be in business for myself.

When you first talked to me about the wonderful opportunities in the life insurance business I was dubious—but, when you explained the magic appeal of the President's Protective Investment Plan and the other "Franklin Specials" I was convinced. I realized I would finally be in a position where no one would tell me when I could work, where I could work, how much my time was worth per hour, nor, how far I could grow in personal accomplishment. The Franklin agent's franchise opened up these opportunities for me.

I found Franklin merchandise to be most acceptable to the insuring public, but even more gratifying is the persistency. I have been honored with the National Quality Award for the four years for which I was eligible. My clients are proud of what they own and anxious to tell their friends.

The philosophy of President Chas. E. Becker, "Specialization Spells Success," has enabled me to anticipate earnings in excess of \$18,000 in 1961. By reasonable projection of future earnings, I expect an annual income of \$25,000 or more within the next four years.

Most gratefully,  
Jerry Moore



*The Friendly*  
**FRANKLIN LIFE INSURANCE COMPANY**

SPRINGFIELD, ILLINOIS / DISTINGUISHED SERVICE SINCE 1884

The largest legal reserve stock life insurance company in the world devoted exclusively to the underwriting of Ordinary and Annuity plans.

Over Four Billion Dollars of Insurance in Force

## Industry Adopts Statement Warning On Replacements

(CONTINUED FROM PAGE 1)

creases as the policy grows older.

"3. In many existing policies, disability benefits and provisions for installment payments and annuity incomes are more attractive both to the beneficiary and to the policy-owner than those available in new policies.

"4. The new policy may have the

effect of reinstating the period during which the policy may be contested by the company.

### Unique Medium

"5. Life insurance policies provide a unique medium for a safe and systematic method of saving. Replacement may involve the sacrifice of these advantages.

"In view of these potential disadvantages, if replacement is suggested the policyholder should insist upon a written and signed proposal setting forth all the facts and comparing the

relative benefits under the two policies. He should then submit this written statement to both the company whose policy is proposed to be issued and the company whose policy is to be replaced, with a request for their comments and analysis."

### Extra For Continental Assurance

Directors of Continental Assurance have declared the regular quarterly dividend of 25 cents and an extra of 20 cents per share. Both the regular and the extra dividends will be paid Dec. 15 to stock of record Dec. 1.

## September Single Premiums Up 5%. 9-Month Gain 16%

(CONTINUED FROM PAGE 1)

lected in September were \$595,119,000, a 4% increase, while for the first nine months they were \$5,574,667,000, up 5%.

Total premiums on group life, new and renewal, in September amounted to \$124,425,000, down 2%, and for the first nine months were \$1,204,880,000, a 5% gain. For wholesale, the September figure was \$3,144,000, an increase of 5%, and for the nine months was \$298,288,000, up 9%.

### Industrial Again Off

Total industrial premiums were again off, amounting to \$108,460,000, down 9%, in September, and for the first nine months were \$1,049,169,000, for a decline of 5%.

For Canada, the respective figures for September and the first nine months were: ordinary other than single premium, \$5,702,000, down 3%, and \$54,966,000, a 5% increase; single premiums only, \$1,143,000, up 10%, and \$10,762,000, a 22% gain; ordinary renewal premiums, \$45,478,000, up 3%, and \$418,494,000, an increase of 7%; group \$8,225,000, up 2%, and \$74,020,000, a 7% gain; wholesale, \$92,000, down 12%, and \$884,000, down 11%; industrial, \$3,016,000, down 23% and \$32,306,000, off 6%.

## United Investors Newest Mo. Insurer

United Investors Life of Kansas City, a new company, has been licensed in Missouri, with capitalization of \$2 million. One million shares of stock with par value of \$1 sold at \$2 make paid-up capital of \$1 million and surplus of \$1 million.

Two of the new company's officers are also officers of United Funds of Kansas City. J. J. Merriman, president of the Kansas City mortgage firm bearing his name, heads United Investors Life as president. Gordon C. McCormack is vice-president; Gerald Gilbert, treasurer, and William S. Serat, secretary. Messrs. Gilbert and Serat are vice-presidents of United Funds.

The new company, which will handle ordinary life only, has applied for admission in all states except New York and Wisconsin.

## All American L.&C. Has Nine-Month Gains

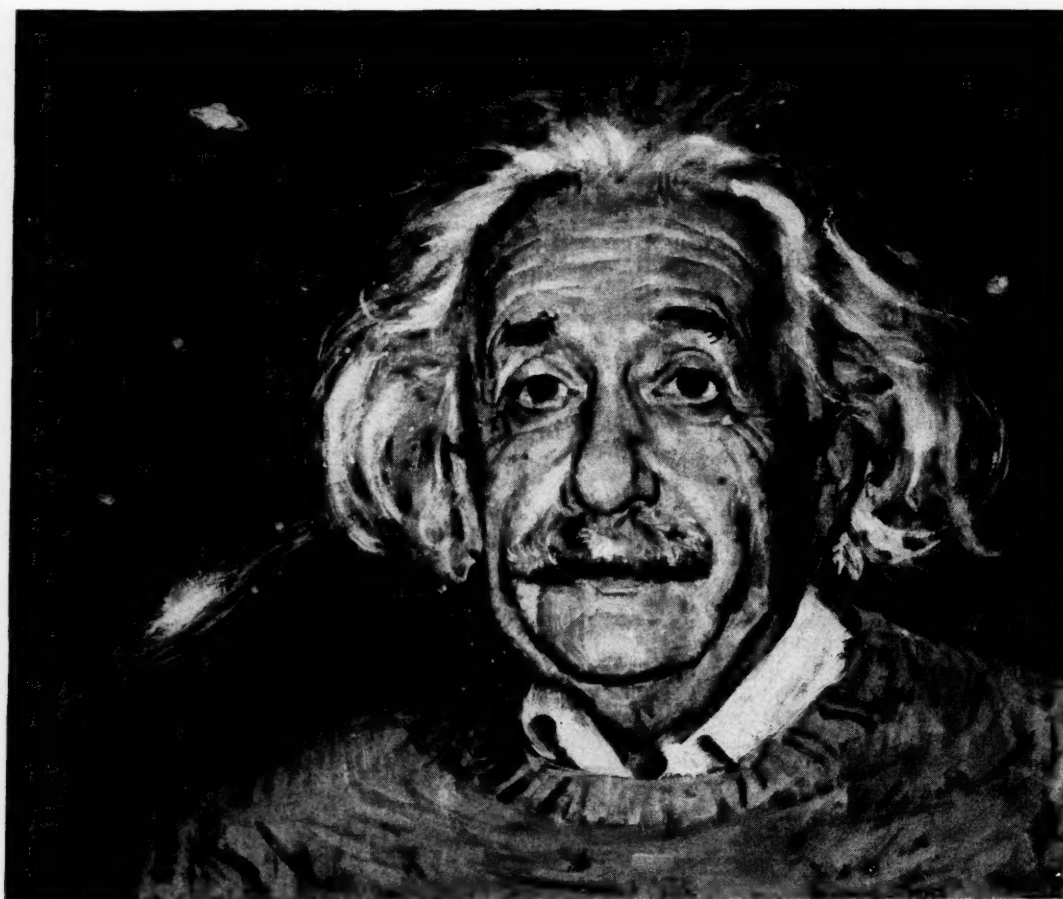
All American L.&C. had all-around gains in the first nine months of 1961 over 1960. Paid A&S premiums amounted to \$4,188,259, an increase of 17.47%. Net investment income, exclusive of capital gains, was \$422,969, up 21.72%. Total premium income went from \$6,197,466 to \$7,634,027.

Life in force for the period was \$233,263,118, up 31.16%. Gross assets rose from \$13,907,621 to \$17,206,015, and capital and surplus at \$6,588,440 was a rise of 12.46%. Net gain in surplus for the first nine months was \$434,614.

### Lincoln Income Stock Offering

Lincoln Income Life has filed with the SEC a statement covering the sale of 45,000 shares in the estate of Emma B. Smith. The underwriting group is headed by J. C. Bradford & Co. and W. L. Lyons & Co.

One of a series of John Hancock advertisements appearing in national magazines. Each of these advertisements tells the story of a Great American. All express our belief in the importance of freedom . . . in the dignity of all Americans . . . and in the greatness of our country.



*He showed us the promise of a new age...*



LIKE SO MANY OTHERS, Albert Einstein came to America to find freedom of thought and inquiry. And here his genius was fulfilled. Here he pursued his explorations into the nature of the universe. And here his  $E = mc^2$  opened up the marvels of the atomic age.

Working on the farthest frontiers of human knowledge, Einstein looked into eternity with the soul of a mystic. For problems solved he was humbly grateful: "You see, God always takes the simplest way."

He was a mild, pipe-smoking kind of man, who spoke softly, as if in awe of the wonders that had been revealed to him. "The professor" was never so happy as when he was working in his study, with pencil and paper his only tools.

It was the dream of Albert Einstein's life to bring into a single

pattern all the miracles of the universe, from the tiniest atom to the greatest galaxy. This he attempted in great leaps of creative imagination. One was the concept of relativity in space-time, all worked out in a kind of sublime mathematical poetry.

When twenty eminent scientists were asked to name the all-time immortals in the field of science, Einstein's name appeared on every list. In the centuries to come, when most of today's records have been erased from the tablet of time, the name of Einstein will shine out still—a beacon light for all who seek and strive on the threshold of the unknown.

*John Hancock*  
MUTUAL LIFE INSURANCE COMPANY  
BOSTON, MASSACHUSETTS





# Lutheran Mutual

## Proudly Salutes

### These 1961 National Quality Award Winners

#### California

Clarence C. Beyer (1)  
Lloyd H. Hartman (2)  
James V. Peterson (1)  
Richard M. Rausch (1)

#### Illinois

Alvin E. DeWeerth (3)  
Lammert H. DeWeerth (11)  
E. K. Hasselbring (10)  
Harold C. F. Jeckel (3)  
Robert C. Meyer (6)  
Martin A. Moerbe (8)  
John M. Park (12)  
Harold T. Voigt (4)

#### Indiana

Paul W. Swanson (3)

#### Iowa

Alvin F. Bahlmann (2)  
Eugene L. Christian (4)  
Virgil H. Folkers, CLU (10)  
Kenneth R. Fox (3)  
Delbert L. Hartman (2)  
Thomas R. Holm (1)  
Frank J. Hummel (10)  
Esther Kohagen (3)  
Elmer J. Kottman (3)  
Leonard C. Kramer (9)  
Lawrence A. Lubben (7)  
Glády's H. Marten (14)  
Rudy R. Myers (3)  
Gertrude Nybakken (6)  
John H. Oltmann (6)  
George C. Rausch (9)  
George A. Sneed (2)  
Merle E. Sullivan (2)

#### Kansas

George A. Novotne (2)  
Benjamin Nuss (1)  
Merton O. Todd (3)

#### Michigan

John R. Berger, Jr. (2)  
Edwin H. Holmberg (4)  
Herold J. A. Lueders (12)  
Paul J. Rudlaff (2)

#### Minnesota

Marc W. Arneson (6)  
Byron E. Birch (1)  
Hilbert H. Hantelman (9)  
Irving O. Hemp (1)  
Melvin S. Johnson (5)  
Harold W. Mattke (3)  
Ben H. Ritter, Jr. (8)  
Howard F. Ritter (8)  
Glenn N. Struckman (1)

#### Nebraska

Arthur Winkelhake, CLU (10)

#### New York

Albert Felmet, CLU (13)  
William A. LeCook (9)  
Arthur F. Schepler (1)

#### Ohio

J. V. Albrecht (14)  
Donald H. Barkley (3)  
Carl F. Bockelman (10)  
Carleton G. Case (16)  
James S. Cline (2)  
Oliver Curfman (9)  
Fred W. Guinsler (4)  
Carl E. Hannum (1)  
Samuel J. Harke (13)  
Harold C. Ling (8)  
Fred H. Lueck (14)  
Jae E. Oney (2)  
Albert C. Printz (6)  
Dale E. Shambaugh (2)  
George H. Sielschott (10)  
Paul H. Sutter (1)

#### Oregon

William V. Bottler (2)  
Clarence A. Norcross (5)

#### Pennsylvania

Sam T. Beach (5)  
M. I. Crumrine (7)  
Harold A. Palmer (7)

#### South Dakota

Lawrence E. Hunze (2)  
Milford W. McGaughey (2)  
Herbert A. Oster (10)

#### Texas

Clifford P. Boehme (1)  
Ernest L. Hax (8)  
I. B. Krienke (10)  
Benton Luedecke (9)  
Edward H. Pape (3)  
Floyd V. Zoch (1)

#### Washington

Darrel D. Nichols (2)  
Robert A. Nistad (3)  
Lewis N. Williams (2)

#### Wisconsin

Grant Anderson (4)  
Edward M. Boettcher (1)  
Frederick A. Dettmann (3)  
Roland F. Ebert (3)  
Fred W. Gamm (5)  
Carl F. Hanusa (9)  
Harry C. Hendrickson (3)  
Richard E. Mahnke (1)  
Wilford M. Norman (1)  
Harvey C. Raasch (9)  
Ellsworth H. Shields (9)  
Lawrence P. Van Dam (1)

( ) Figure indicates number of years the award has been won.

Lutheran Mutual LIFE INSURANCE COMPANY  
WAVERLY, IOWA

## Hancock Program Will Help Employers Tell Fringe Benefit Story

John Hancock has launched a program designed to assist American business in promoting a greater awareness and appreciation among employees of the billions of dollars they receive in the form of fringe benefits each year.

Commenting on the program, which has evolved after two years of research into the needs of major business firms, Victor A. Lutnicki, Hancock's senior

group vice-president, cited one survey which revealed that the average worker estimates the cost of his fringe, or non-wage benefits at less than one-fifth of their actual cost.

The program includes bulletin board posters, payroll inserts, other material for employer-employee communication and a manual containing basic ideas and suggestions for the group policyholder.

The principle vehicle of the program is a portfolio containing the manual and over 40 individual promotional items which can be used to give the

employee a clear picture of benefits other than salary—group insurance, pensions, paid vacations, etc.

The program is called "PLUS," and is enlivened through the use of a cartoon character named "Mr. Plus," who delivers messages and serves as an identification symbol for all the material used in the program.

The steel framework of New York Life's 16-story home office addition has been completed. The new building is located just north of the home office and will be completed in 1962.

## Smith Book Offers Information On Life Insurance Stocks

A 26 page book entitled "Life Insurance Stocks—An Attractive Investment for the Growth-Minded Investor" has been published by Life Insurance Investors, the mutual fund that specializes in life stocks.

The author, Raymond T. Smith, president of Life Insurance Investors, offers a three-way theme—that profitable investment in life insurance companies requires selection and patience. He offers background data on what, to the general public, is a little known and misunderstood form of investment. He tells why carefully selected life stocks are a premier growth-appreciation investment, why a decrease in sales usually results in an increase in reported earnings, the difficulties of determining the true earnings of a given company and other information useful to financial writers and the investing public.

### Tells Chapter Contents

Some chapters deal with the necessity of time and patience for the development of investment values; the wide differences between companies and why no two are identical in investment values; legal, accounting and operational procedures which differentiate one company from another.

Other sections show why some companies are better investments than others, which types of companies have little or nothing to recommend them to the investor, why life stocks should not be bought with the hope of a quick trading profit.

The book is copyrighted and is available to the general public at \$1 a copy from Life Insurance Investors, 10 South LaSalle Street, Chicago 3, Ill.

Mr. Smith has been identified with the insurance industry for more than 40 years. Associated since 1917 with Alfred M. Best Co., he has negotiated the purchase, sale, merger or reinsurance of many insurance companies; functioned in an advisory capacity with numerous state insurance departments and company managements in the reorganization of companies and other matters; served as authoritative counsel in connection with governmental inquiries or controversial matters involving various aspects of the insurance business.

## Capitol Life Breaks Ground For Its New Denver Building

Capitol Life of Denver has held formal ground-breaking ceremonies for its new 12-story, \$4 million building in Denver. Sam N. Beery, Colorado commissioner, took the symbolic step of breaking ground for the new structure.

The Capitol Life building, scheduled for completion in late 1962, will occupy the northwest corner of 16th and Grant Streets, adjacent to the company's present home office building.

According to H. Smith Hagan, president, plans for the building have been supplemented since its original announcement, by the addition of a penthouse and sub-basement. The penthouse will provide a meeting and conference area for tenants of the building and for civic groups. The meeting area will accommodate several hundred people. The addition of the sub-basement will permit tenants additional storage area for important records and documents.

*You're Right!*

# There is **PLENTY NEW** at **THE MANHATTAN LIFE**

## NEW ANNUITY CONTRACTS with NEW FEATURES

We have Single Premium, Annual Premium and Deferred Annuities.

### Refund Features:

1. Right to commute Guaranteed Annuity Payments, under Period Certain Contracts, available during annuitant's lifetime as well as after his death.
2. Right to change a Refund Annuity to a No-Refund Annuity.
3. Limited Cash Refund Annuity. Trustees, Lawyers and Guardians will really go for this one!

We believe these are "Exclusive" With The Manhattan Life.

Ask about the new Decreasing Death Benefit Rider for use with Annual Premium Retirement Annuity.

For the Most Up-to-Date Annuities, Call The Man from Manhattan!

**MANHATTAN LIFE ANNUITIES  
ARE PARTICIPATING**

## BETTER GET THE WHOLE STORY FROM THE MAN FROM MANHATTAN

Over \$1,600,000,000 of Insurance in Force

**THE MANHATTAN LIFE  
INSURANCE COMPANY**  
*of New York*

HOME OFFICE: 111 West 57th Street, New York 19, N.Y.

## NEW: Big increase in amount of LEVEL TERM RIDER

which may be attached to permanent plan policies as well as to:

### ANNUAL RENEWABLE TERM AND IDEAL PROTECTION (Term Expectancy)

Manhattan Life offers 5 Level Term Riders, including "to Age 65." All are convertible and participating.

Your client gets a **Built-In Guarantee of Future Insurability** at rates that will delight him and you.

## NEW: INCREASING TERM RIDER

Helps Policyholders anticipate growing needs and responsibilities. It's a natural to provide *Guaranteed* Premium Refund benefit. Rider is convertible and participating. Issue ages: 20 to 64.

## NEW: GUARANTEED ISSUE OPTION RIDER

Insures the Policyholder's future insurability at extremely low cost. The Man from Manhattan will gladly give you complete details and rates.

NOTE: The new contracts discussed are available in most of the states in which The Manhattan Life is licensed

*Did you see  
what the  
"LIFE INSURANCE  
COURANT"*

said about Manhattan Life's Single Premium Immediate Annuities in the August, 1961 issue?

If you didn't, ask us for a free reprint of this valuable article.



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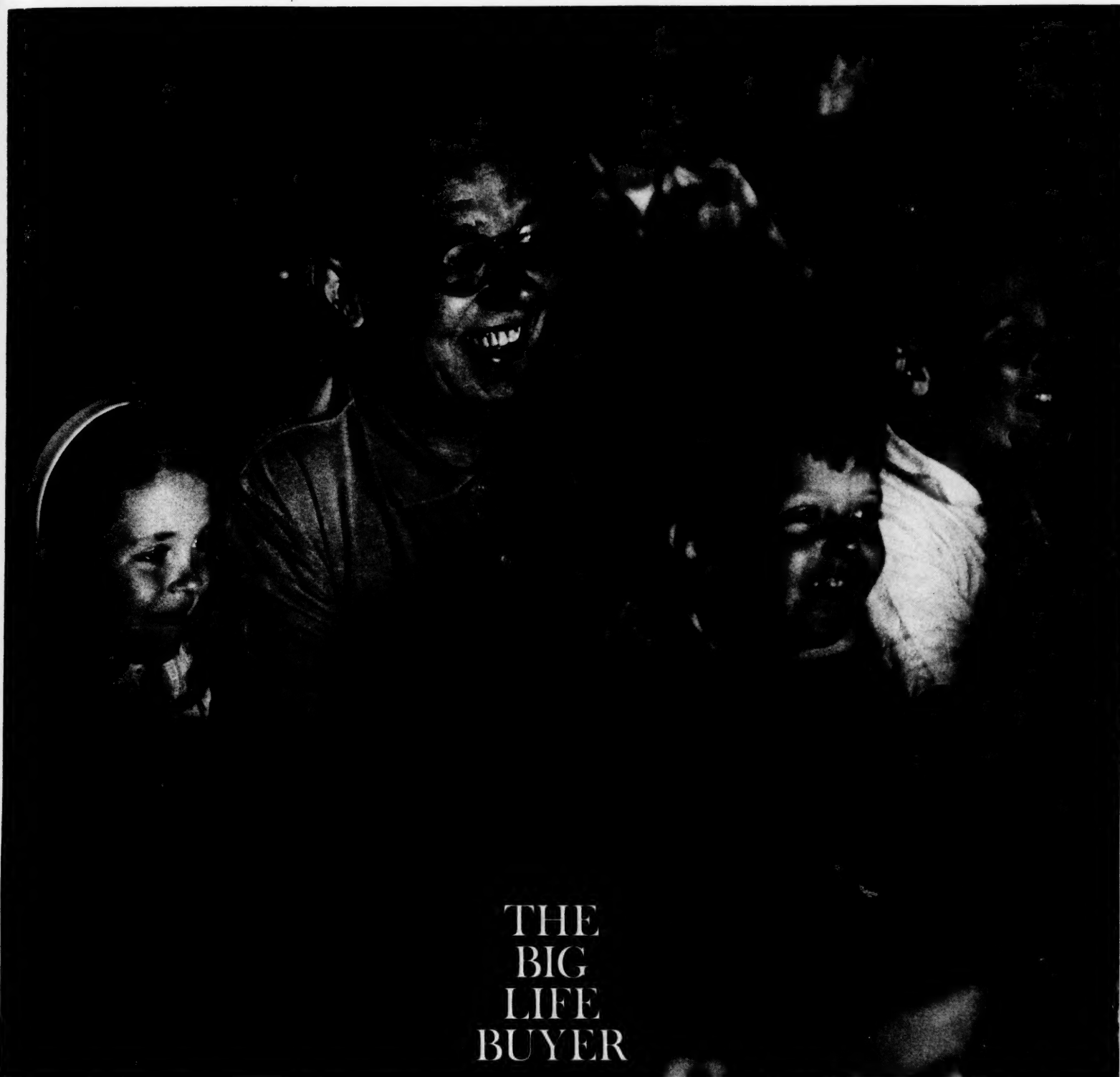
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## THE BIG LIFE BUYER

...and how to get to him

He's young. Married. Three kids. Good health. Steady job, average pay. There are millions of him. He's the big Middle Income life insurance market.

But he's a tough sale for most agents. They can't get to him. Mostly, they can't afford to.

*Who can?* What kind of agent does it take to handle this man's business?

It takes an agent who's already well compensated by selling auto and home insurance.

It takes an agent who already has a special

entree to these families. An agent who's already at home in their homes—and *expected* there.

It takes perhaps an agent who settles an *auto* claim for one out of three of them every year, and has many a golden opportunity to bring up the subject of life insurance.

It takes just this kind of agent. And that means State Farm agents. They find it easy to call on the big life buyer. Regularly, they do. And they're thriving on it.



**State Farm Life Insurance Company**  
Home Office: Bloomington, Illinois

## NW Mutual Has 10th Consecutive Yearly Dividend Increase

An unprecedented tenth consecutive increase in yearly dividend scale—establishing a new industry-wide record—has been made by Northwestern Mutual Life.

In 1962, Northwestern Mutual will pay dividends totaling \$101.5 million—the first time above the hundred million mark for the 104-year-old com-

pany. This will be an increase of \$4.3 million or 4.4% over the amount which would have been paid if the current dividend scale had been continued.

According to Donald C. Slichter, president, Northwestern Mutual's scale increase for 1962 results primarily from its excellent yields on investments during recent years. This, plus a lower than average death rate among policyholders and economy of company operation throughout the past 10 years have made the consecutive scale increases possible.

"Although complex actuarial meth-

ods are used to determine exact dividend scales," Mr. Slichter explained, "in essence, dividends are a refund of the difference between the amount paid by the policyholder and the actual cost of insurance, including a distribution of unusually favorable investment income. Returning such savings and gains through dividend payments to our policyholders is the mutuality of our operation."

Dividends in 1962 will be paid to the 1.2 million owners of \$10.8 billion of Northwestern Mutual insurance, and will represent 28% of the amount paid

for life insurance protection in 1961. More than 25,000 dividend categories divide the company's gains proportionately among its policyholders.

In 1962 Northwestern Mutual will also increase the rate to be paid on dividends and policy proceeds left at interest with the company. Both will go to 3.75% from 3.6.

## Program Ready For Teachers' Meeting

The program has been completed for the annual meeting of American Risk & Insurance Assn., the insurance teachers' group, at the Biltmore Hotel in New York, Dec. 27-29.

The first day will be devoted to an executive committee meeting. On Thursday morning American College and American Institute will hold their annual breakfast.

The Thursday morning meeting will open with a panel on "Has the Life Insurance Company Product Become Obsolete?" with Kenneth W. Herrick of Texas Christian University as chairman. Panelists will be Robert I. Mehr, University of Illinois; Meyer Melnikoff, Prudential, and Robert W. Osler, Underwriters National of Indianapolis. John F. Adams of Temple University will preside over a discussion of research.

A panel on the emerging science of risk and insurance Thursday afternoon will have Edwin S. Overman of American Institute as chairman. Contributions to risk and insurance theory from the field of economics will be discussed by James L. Athearn, University of Florida; from the field of philosophy by Donald R. Childress, University of Oklahoma; from the field of mathematics by William M. Howard, University of Florida, and from the field of law by Oscar R. Goodman, Northwestern University.

Irving Pfeffer, University of California at Los Angeles, will speak on "Toward a Psycho-Dynamic Theory of Risk and Insurance." That evening, John F. Adams, Temple University, will be chairman of a round table on research.

Friday morning will be turned over to discussions of fire and casualty insurance matters. At the luncheon, Wilbur J. Cohen of the U. S. Department of Health, Education & Welfare will discuss health insurance and the government. The annual business meeting

*The Northwestern Mutual  
point of view in advertising:*

# draw a parallel

Family asset or company asset? Today's executive is both!

Mr. H. A. Barber, President of Barber-Greene Company, draws the parallel—points out how permanent life insurance protects a business as well as a family.

His message, via the Northwestern Mutual advertisement shown below, carries an obvious conclusion for countless company executives who turn the pages of TIME and NEWSWEEK.

*"I believe that a business  
can be widowed, too!"*

*There is a difference!*

Northwestern  
Mutual  
leads in  
low net cost!

DO YOU THINK that premiums are pretty much alike among all life insurance companies?

They're not. Look for a moment at Northwestern Mutual—and how it saves its policyowners real money.

For the past 30 years, this company has had the lowest average net cost among the 29 top companies who publish 10-year actual dividend histories. (The comparison is made according to accepted standards of return on ordinary life insurance: July, 1961, Life Insurance *Courant*.)

This means that if you had purchased a \$10,000 ordinary life policy with Northwestern Mutual in 1951 at age 35, your average yearly net cost for the full amount through 1961 would have been only \$18.30. Compared to the \$43.40 average yearly net cost of 29 top companies, you saved \$25.10 a year with Northwestern Mutual.

Why not let a NML agent show you what Northwestern's low net cost can mean to your life insurance program? He's in the phone book. *The Northwestern Mutual Life Insurance Company, Milwaukee, Wisconsin.*



## Stocks

By H. W. Cornelius of Bacon, Whipple & Co.,  
135 S. LaSalle Street, Chicago Nov. 14, 1961

	Bid	Asked
Aetna Life .....	155	160
American General .....	78	82
Beneficial Standard .....	47½	49½
Business Men's Assurance .....	101	105
Cal.-Western States .....	103	106
Commonwealth Life .....	59	62
Connecticut General .....	295	310
Continental Assurance .....	185	200
Franklin Life .....	140	145
Great Southern Life .....	130	135
Gulf Life .....	40	42
Jefferson Standard .....	88½	90
Liberty National Life .....	93	96
Life & Casualty .....	35	37
Life of Virginia .....	135	138
Lincoln National Life .....	175	180
National L. & A. .....	219	224
North American, Ill. ....	28½	30
Ohio State Life .....	61	63
Old Line Life .....	170	180
Old Republic Life .....	30	33½
Republic National Life .....	88	92
Southland Life .....	185	Bid
Southwestern Life .....	142	Bid
Travelers .....	165	170
United, Ill. ....	59½	62
U. S. Life .....	83	86
Washington National .....	72	76
Wisconsin National Life .....	61	64

NORTHWESTERN MUTUAL POLICYOWNER. Mr. Barber has nine Northwestern Mutual policies as part of his own personal insurance program. His company also uses Northwestern to insure many of its key executives.

Some interesting thoughts  
about business insurance  
by H. A. BARBER  
President, Barber-Greene Company  
Road Building equipment manufacturers

"I DOUBT if you'll find a conscientious business executive today who doesn't protect his family's future with life insurance. Yet many of the same men who apply this sound type of thinking to their personal lives, fail to see the important parallel in their business life."

"Companies can also suffer severely from the loss of a breadwinner. Losing a skilled executive means losing a valuable company asset."

"Permanent life insurance on him, owned and paid for by the company, helps solve the problem."

"This way, an employer is indemnified to the extent of the value he places on a man's services. At the employee's death, the life insurance proceeds are received promptly by the employer as tax-free funds which become available for neces-

sary business adjustments. During the employee's lifetime, growing cash values accumulate tax free and form a ready cash reserve."

"Although we live in a great technological age, to my way of thinking, people still comprise a company's most important asset. It's true of life insurance companies, too. That's why I suggest—when considering key-man insurance—you contact an agent representing a company known for the quality of its service in this field."

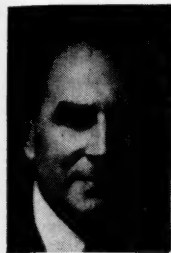
**The NORTHWESTERN MUTUAL LIFE Insurance Company**  
MILWAUKEE, WISCONSIN

"BECAUSE THERE IS A DIFFERENCE"



## Phoenix Mutual Specifies Rules To Be Followed In Replacements

President Lyndes B. Stone of Phoenix Mutual Life has written the company's agents and brokers as follows on the subject of replacements of policies:



Lyndes B. Stone

Replacement of insurance in force on the books of other companies by our agents or brokers is not an evident extensive problem, we are glad to say. There may be instances where the required answer to the question on discontinuance of existing insurance is not given the emphasis it demands. But during the 60 days just recently passed, during which we have issued more than 4,000 policies, there were exactly 31 cases submitted where replacement was definitely reported, of which 15 were term. This figure represents less than 1% of all cases issued.

The small number does not, however, diminish the importance of the problem. That is why we heartily endorse the content and objectives of the statement made by the National Assn. of Insurance Commissioners in the attached copy.

### May Be Approached

It is entirely possible that at some time or other one of your own Phoenix Mutual policyholders may be approached by the agent of some other company to replace your policy. When you learn of this, it is suggested that you take to your policyholder copies of the appraisal form, which is also attached, recommend that he have it completed in triplicate by the competing agent, and that the policyholder mail one copy to the home office of each company, together with a supplementary statement requesting advice and comment.

The burden of work and proof lies on the agent proposing the replacement. The evidence required on this form should, of itself, act as a very specific warning to our policyholder to protect himself against loss.

By the same token, if you have a prospect where you feel that highly exceptional circumstances indicate that a new Phoenix Mutual policy as replacement of some other company's policy or as substitution for an existing Phoenix Mutual policy would be to his advantage, a careful review of the facts outlined will help you determine whether the change is justified.

If you are convinced that a change should be made, accompany your application with a copy of the form so that it may be reviewed to support your appraisal. Where term insurance is to be dropped, so indicate on the application, but no further detail is needed unless required by your state.

Requirements of certain state insurance departments—and of the Phoenix Mutual—include provision that in any situation involving replacement, substitution, or reduction through paid-up or extended insurance, full and complete comparison must be detailed and supported.

In order to implement these requirements hereafter the following steps must be followed:

Present the applicant with a writ-

ten proposal signed by you, giving a clear and concise summary of the advantages and disadvantages of replacement of changes.

Submit to the Phoenix Mutual with the application a copy of the proposal signed by you and your manager. Retain a copy in your file for two years

or for whatever longer period of time is required by your state insurance department.

Submit copies of the proposal to the insurance department of your state and/or to the home office of any company whose policies in force are to be replaced, if required by any state in which you do business. Definition of replacement must be in terms laid down by the company and/or your state insurance department.

In addition to written proposals, submit to Phoenix Mutual with your ap-

plication a signed copy of the appraisal form, completed with all available figures in accordance with state requirements.

### Must Meet Requirement

All other requirements applying in your state must be met. It becomes your responsibility to learn and comply with such regulations.

Far more important than these regulations themselves—and the necessity of policing infractions on the

(CONTINUED ON PAGE 38)

## TAX SAVINGS THROUGH LIFE INSURANCE

Permanent life insurance is an investment of the highest quality. It is a vehicle for tax savings that defies comparison!

To help our field force carry this message to prospects, our Advanced Underwriting folks have written a penetrating new booklet, "Tax Savings Through a Life Insurance Contractual Investment." It grew out of an exhaustive study of the Internal Revenue Code, the Regulations and Rulings of the Internal Revenue Service, and related Court Decisions. It is a capsule summary of the important, too often overlooked, Tax Saving Features of a Life Insurance Investment.

The booklet is being effectively used by our field force. For the benefit of the industry we're making it available to any life insurance man for his personal use regardless of company affiliation. Request your copy by using the coupon below, enclosing 25c to partially cover costs.



### SUBJECTS COVERED IN THIS BOOKLET

- Tax Savings on Increases in Cash Values.
- Tax Savings on Living Benefits.
- Tax Savings on Lump Sum Death Proceeds.
- Tax Savings on Interest Paid to Spouse.
- Tax Savings on Installment Incomes.
- Tax Savings on "Split Dollar" Plans.
- Tax Savings on Exchanges.
- Tax Savings on \$5,000 Under an Employee Death Benefit Plan.
- Tax Savings through Short Term Trusts.
- Tax Savings for Employees of Charitable Organizations.
- Tax Savings on Account of Marital Deductions.
- Tax Savings on Estate Settlements.
- Cash Savings on Estate Taxes.

### THE MINNESOTA MUTUAL LIFE

INSURANCE COMPANY

Victory Square—St. Paul 1, Minnesota

Please send me a copy of "Tax Savings Through a Life Insurance Contractual Investment." I am enclosing 25c partially to cover cost of printing and mailing.

NAME \_\_\_\_\_ ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_

## How To Reach Age 100 Revealed In Study By Massachusetts Mutual

What does it take to live to be 100?

According to a recent survey conducted by Massachusetts Mutual of its five annuitants who are age 100 or older, it might help if you are a woman who has been either a housewife, a school teacher, or—as one annuitant put it—a “lady of leisure” prior to retirement. It seems every centenarian annuitant fits this description.

By and large, another requirement

seems to be residence in a large city. Chicago, Providence, St. Louis and Rochester, N. Y., are the mailing addresses of four of the annuitants. The fifth lives in a small New Hampshire town.

### Typical Annuitant

The typical Massachusetts Mutual century-old annuitant has more than two and one-half policies with the company on which she has received more than \$2.50 of income for every \$1 invested. The average premium paid was \$2,590.

The composite annuitant was 76

years old at the time she took out her annuities and her present average age is 101 2/5. At the time of taking out her annuities, the chances were about one out of 30 that she would ever live to her present age.

Each year, these women receive a total income of \$4,645—or more than \$725 apiece on the average—from the annuities and will continue to do so as long as they live.

**Fortune National Life of Madison** has been licensed in Minnesota and is now admitted in 12 midwestern and western states.

## Mutual Of Omaha Has Group Plan For Non-U.S. Panama Canal Workers

Mutual of Omaha is carrying out a group life program for non-U. S. citizens employed by the Panama Canal Co. and the Canal zone government. The insurer was chosen from 12 who submitted bids to the employee group insurance board of Panama Canal Co.

The comprehensive plan is similar to one for U.S. government employees and is available to approximately 12,000 workers. The program of term insurance ranges in face amounts from \$2,000 to \$10,000. The employee's premium can be paid through payroll deduction.

An outstanding feature of the contract gives the employee an opportunity to purchase additional protection for which he is eligible, according to salary classification, by 50% or 100%. The policy provides accidental death or dismemberment coverage and contains a waiver of premium provision. A double indemnity benefit is payable in the event of accidental death.

More than 85% of the eligible employees have been enrolled. The total amount of insurance in force is \$39 million.

## Life Insurance Medical Fund Reports Advances In Disease Research

Aggressive research in the past year has enabled scientists to make substantial progress toward their goal of a better understanding of the nature of diseases of the heart, circulation and related organs, according to Life Insurance Medical Research Fund in its annual report.

A summary of the progress, which includes projects aided by the fund and others, is given by Dr. William A. Jeffers scientific director of the fund, and includes:

—New information about the contraction of the heart has led to better understanding of the heart as a pump, with improved methods of treating heart failure as a consequence.

—Basic knowledge of how the kidney works has continued to advance, with the prospect that improved efficiency of diseased kidneys will result.

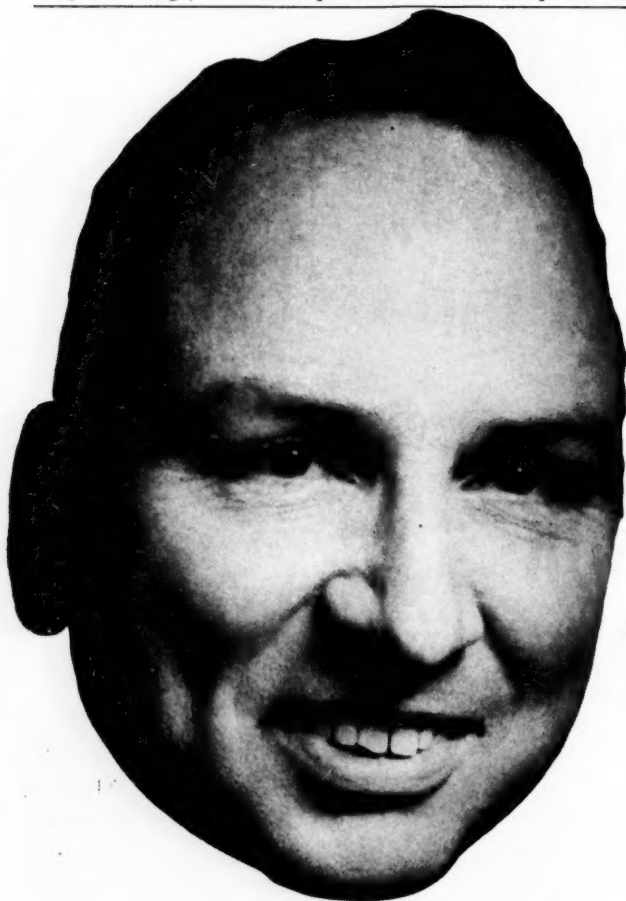
### Hypertension Corrected

—High blood pressure is yielding to a many-sided scientific approach, and it is now possible to control or correct hypertension in the majority of patients seeking relief from this common disorder.

—Further clues have been found as to the nature of arteriosclerosis. For example, there is now clearer evidence that areas of localized damage in blood vessels are a cause for deposit of cholesterol and related substances which thicken the vessel walls.

—Operations are now available for the correction of a majority of defects within the heart, whether of congenital, rheumatic or other origin. Tests performed prior to operation, based on research in physiology and biochemistry, allow accurate diagnosis of the defects to be repaired. Further progress has been made in the improvement of heart-lung machines for maintaining circulation while operations are performed within the heart.

The fund provided more than \$1,189,000 in research grants and fellowships during 1960-1961, bringing to over \$13,770,000 the fund's contributions since its organization in 1945.



JULIAN C. BURROUGHS  
Manager  
Charlotte, North Carolina

## A CERTAIN SMILE

Julian “Chic” Burroughs faces the future

with a smile. Even as Manager of the

Occidental Agency in Charlotte, N. C.,

his personal production for the past three years has exceeded \$500,000 annually.

“Chic” is sure that the success he's now

enjoying will be even greater as time

passes. The reason—Occidental provides

good sales material and liberal promotional

support. In addition, the Company takes

intense interest in his personal development.

Julian feels that these are key factors in

building success in the Life Insurance

Business. Perhaps they are the factors that

could help you achieve greater success.

Write Cou Browne, Executive Vice-President,

for details. Management opportunities now

available in Southern and Western States.

**OCCIDENTAL  
LIFE INSURANCE COMPANY  
OF NORTH CAROLINA**



**HOME OFFICE • RALEIGH**

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# HOHAUS ASKS GOVERNMENT

## Tailor Programs To Needs Of Those Who Will Be Benefited

Governments designing or revamping social insurance programs should do so on a more realistic basis, recognizing at the same time changing conditions affecting those people the plans would benefit, Reinhard A. Hohauser, senior vice-president and chief actuary of Metropolitan Life, told his audience at the annual meeting of Canadian Pension Conference in Toronto.

Mr. Hohauser said it is "a gross mistake—which unfortunately many are committing—to overlook the heterogeneous character of the aged and to neglect the dynamic nature of their economic situation."

The mistake, he said, is being corrected through research, which is bringing to light the multiple and changing factors affecting, among other things, people's ability to save during their productive years.

### Pragmatic Judgment

"It is my feeling that any judgment as to an appropriate benefit level must be a pragmatic one on which reasonable men may differ; also that the benefit formula should be reviewed periodically and adjusted when necessary to the basic floor-of-protection goal to take into account changes in wage levels and in the cost and standard of living," Mr. Hohauser declared.

Another consideration, he emphasized, is to what degree government should provide protection. The state has a positive but not an unlimited role in society.

Citing the principle of subsidiarity, Mr. Hohauser explained, "It affirms that the community should not take over what the individual can well accomplish through his own initiative. Further, it asserts that it is inimical to public order for either individuals or

groups to relinquish to large associations—such as the state—what they rightly can and should do."

Extending the point, Mr. Hohauser said that it is only when vacuums in private coverage exist that advocates of social insurance can—and perhaps should—make headway in extending this type of insurance.

"It is the extent of voluntary coverage in force—rather than the mere availability of such coverage—that has often, if not always, determined how our legislative bodies decide between new government proposals."

He cited as a case in point the situation as it exists today in the field of health insurance in the United States.

"Some years ago there were strong pressures for a comprehensive federal plan for both active and retired persons. Today, proposals in this area are limited to the question of financing the cost of health care for the older population—e.g., social security beneficiaries."

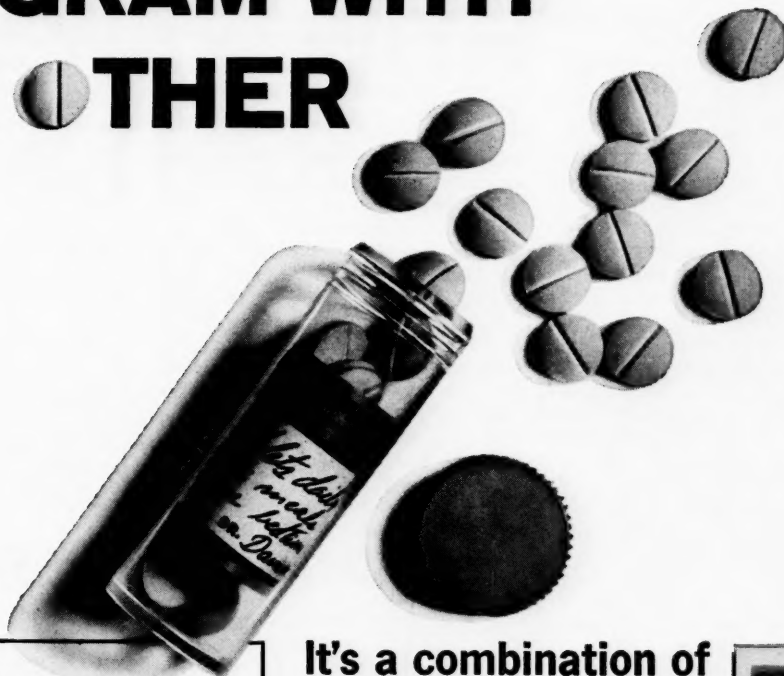
"Moreover, the recent and continuing rapid expansion of private health insurance to those at the older ages has been one of the more important,

if not most important, reasons why the drive for inclusion of health insurance for social security beneficiaries has not been successful to date."

Mr. Hohauser said it seemed timely that the Canadian old-age security act, now completing its 10th year of operation, is being reviewed in depth.

"Since the act operates in a dynamic economy and society, a strong case can be argued that such analysis and appraisal be made a regular practice at periodic intervals, so that it will continue to carry out effectively its purposes and objectives."

# COMPARE THIS NEW MONEY HEALTH PROGRAM WITH ANY OTHER



It's a combination of Disability Insurance and Major Medical to give you a double opportunity for sales



1. Top commissions on both the D.I. and M.M. policies
2. Liberal benefits, competitive rates
3. Minimum of exclusions
4. Unusual combinations of high inside limits and co-insurance (in M.M.)
5. D.I. "non-can" to age 65, conditionally continuable to age 70
6. Waiver of premium (on male only) built into M.M.

Mutual Of New York, Dept. NU-11  
Broadway at 55th Street, New York 19, New York  
Sounds good to me! Please send me your FREE brochure describing MONEY's new health policies.  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_



Leland F. Lyons, vice-president of New York Life and president of Sales & Marketing Executives-International, right, pauses while boarding a BOAC flight for one leg of his 10-day speaking tour of South America for SME. Mr. Lyons headed the U.S. delegation to the annual Pan-American Sales & Marketing Congress in Buenos Aires, where he delivered an address to some 1,500 Latin American sales executives. With him is Kurt J. Altschul, manager of SME's international department.

# MUTUAL OF NEW YORK

The Mutual Life Insurance Company Of New York, New York, N. Y.

## Editorial Comment

### A Gain For Both Companies

One of the technicalities of the insurance stock market—a subject which doesn't seem particularly close to the business of operating insurance companies—becomes a vital question when fire and life companies get together through acquisitions. This is the matter of the relation between market value and "equity" or liquidating value.

Equity value takes capital and surplus and adds to it an estimated worth of insurance on the books. The marketplace values insurance companies in a great range of prices above or below that inherent value. In recent years the life market has been extremely strong. It is not unusual to find life company shares going for three or four times their liquidating value. The great majority of fire company stocks have been selling at a discount.

While these facts would appear to be of no interest to anyone but a trader in insurance stock, the collective thinking of the market does become important when life companies try to acquire fire companies, or vice versa. These acquisitions are commonly accomplished through an issue of new stock followed by an exchange of the new stock for that of the acquired company.

Suppose a fire company is buying a life company: The fire stock might typically be selling a little below liquidating value—but the life company, unless it is very young or very static—is likely to be selling for twice or three times its own equity value and perhaps 20 or 30 times earnings.

This means that after the fire company has issued and exchanged stock to obtain the life company, the resultant equity values per share in the new combine will be less than the net worth and investment income of the fire company alone.

For this reason more than any other, the so-called discount fire companies have not been buying small, well managed life companies. However, life company stockholders would have an opportunity to increase sharply their income by accepting an exchange of stock that might not look exciting

from a present market value standpoint. This they would do on a tax-free basis. And they would have a good chance of capital appreciation if and when the fire company shares responded in the market to improved underwriting results in recent months. The present strong market for fire-casualty issues indicates how strong such a response may be.

It is interesting that combines like Travelers and Aetna Life have not sold at price-earnings ratios as high as those of life-only companies. That would suggest that although the equity and earning power of the life company buying a fire subsidiary would increase, the market value might go down, at least temporarily. This was brought out by the drop in Connecticut General stock the day after the Aetna Fire acquisition was announced.

The Connecticut General-Aetna Fire combination becomes an intriguing study in this regard. Connecticut General has sold in recent years at a good premium, and Aetna Fire until recently has been at about a 50% discount. If the two companies had been brought together on that basis, the result would have been that each Aetna stockholder's \$2 in equity would have been traded for Connecticut General's 50 cents.

However, that was definitely not the case by the time the announcement came out last week. Aetna Fire in the past two years, has managed to improve its underwriting experience considerably, and there are signs that it will do even better this year. It is estimated that Hurricane Donna reduced its earnings \$5 per share last year. Carla hasn't come anywhere close to that figure.

Last summer and this fall, Aetna stock responded strongly to the good news. Where it used to sell in the 70s, it has moved up to the 140s, or at about equity value.

The fact that Connecticut General was interested in buying Aetna, now a fairly "expensive" fire company, at a time when the discount situations were still around, points to a man-

agement philosophy which is worth noting. Connecticut General in effect was not bargain hunting. It was looking for a sound company and was willing to pay the price. Using the market value of Connecticut General on the day the announcement was made, the equivalent of \$190 a share was paid for Aetna, which on that day was selling for \$150.

Using last year's earnings as a basis, the acquisition would add about 15% to Connecticut General stockholders' earnings. And Aetna will benefit from an association with an aggressive and forward looking life company that has long done business with fire and casualty agents.

Observers of the stock insurance scene in New York say that Connecticut General probably made the best choice it could have made and that the affiliation would be good for both sides.—J. H.

## Personals

**Clarence A. Jackson**, chairman and president American United Life, has been named chairman of the new development council of Wabash College. Mr. Jackson is a 1915 graduate of Wabash.

**H. W. Culbreth**, vice-president Nationwide Mutual, was a member of the five-man group that is making a 30-day tour of cooperatives, credit unions, and savings banks in six Latin American countries for the State Department's agency for international development. Mr. Culbreth is representing Murray Lincoln, president Nationwide Mutual, who is president of Cooperative League of the U. S. The tour started Nov. 12.

## Deaths

**JAMES L. COLE**, 68, retired superintendent of agencies of Connecticut General, died at Hartford Hospital. He joined the company in 1921, becoming superintendent of agencies in 1929. He has been retired for three years.

**Mrs. MARIE LYNCH O'CONNOR**, 91, mother of James C., editorial di-

rector of the National Underwriter Co., died at Cincinnati. Two other sons survive, Robert of South Bend, Ind., and Very Rev. Paul L. S. J., president Xavier University, Cincinnati. There are 14 grandchildren.

### SEERY AT HIA FORUM:

### Agents Given Large Share Of Credit For Conn. Pool Success

The American agency system must be credited with a large share of the success of the Connecticut-65 extended health insurance program, the pool which provides inexpensive health insurance coverage to the elderly. William N. Seery, vice-president of Travelers and chairman of the executive committee of associated Connecticut health insurance companies, declared at the individual insurance forum of Health Insurance Assn. in Philadelphia.

Mr. Seery, whose talk was titled, "A Major Breakthrough in Voluntary Health Insurance," in giving a history of the Connecticut pool, said it was originally developed by 10 Connecticut-domiciled insurance companies, and since that time 22 other companies licensed in the state have joined the plan.

### Big Marketing Problem

Because of the magnitude of the program's marketing problem, Mr. Seery said, meetings were scheduled with field personnel interested in activities of the aged, with city officials, medical society representatives and with the officers of various insurance associations, including those in fire, casualty, life, and health groups.

All licensed Connecticut A&S agents were provided with a well-organized agents kit, because their help was needed.

"Our faith in the American agency system was more than justified by the results. Many agents, at their own expense, bought advertising space, and met with senior citizen groups, after preliminary briefing by our promotion committee. They did an outstanding job, even though their direct remuneration was modest in that, in keeping with our pledge to keep expenses to a minimum, the agent's fee ranged from a minimum of \$5 to a maximum of \$10."

Mr. Seery said it was significant that of the almost 22,000 persons who enrolled in the pool in September, the first month of the program, nearly 10,000 were submitted through agents.

It was, Mr. Seery said, "a public service on their part in keeping with their participation in other public-spirited endeavors in the past."

After noting the widespread interest in the program throughout the U.S. and Canada, from within and outside the insurance industry, Mr. Seery said it was expected the program will prove self-supporting.

"We anticipate that our expenses will not exceed 10% to 12% of premium. These expenses include a 2 1/2% state premium tax, premium billing and collection, general and claims administration, advertising and commission."

Mr. Seery reported that several large employers have expressed interest in the possibility of either purchasing Connecticut-65 for presently retired employees and for other employees as they retire or in making the plan available on a pension-deduction basis.

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## Comments On The Insurance Field From The Investment Dealer's Chair

By LEVERING CARTWRIGHT

Cartwright, Valleau & Co., Board of Trade Building, Chicago

Much of the insurance stock list was buoyant to frenetic last week. Several issues ran dry momentarily, that is there were only buyers, no sellers. Washington National, for instance, which had been dormant since the payment of a 25% stock dividend in the early fall, advanced eight points to 71 bid when buyers appeared, only to find that offerings were scant. Important earnings improvement is scented here.

Franklin Life went up easily after surmounting its previous high of 125 and on Friday there were sales at 136. Life of Virginia was wanted and got into the 130 range.

The 300,000 share offering of Combined at 57 was "out the window" and stock was traded at 61½ bid.

In several fire-casualty stocks, buyers ignored the effect of the Los Angeles fires, but Continental Insurance on the N.Y. Stock Exchange dropped as much as 2½ points. That represented a decrease in total share valuation of \$30 million, yet Continental estimates its L. A. loss at only \$1 million or 8 cents a share. An announcement Friday by the management of prospects for greatly increased earnings this year caused the stock to recover what it lost

On the Conn. General-Aetna Insurance announcement Monday CG stock dropped 30 points from its opening price and Aetna went up 20. What happens now on Phoenix Insurance? Cross directorships are noted here with Conn. Mutual Life. Also, is it a candidate for an Aetna Life combination? Phoenix stock advanced about 5 points in sympathy with the CG move.

Ohio State Life went to 66 bid Monday, Washington National was at 75, National Old Line 36, Aetna Life 154, Travelers 64, Lincoln National 171. B.M.A. broke into the century group, with the bid reaching 101. Old Republic Life touched 30 and North American Life was at a new all-time high in the 29 range.

in the L. A. selloff and add a point beyond that, to 66. Continental tends to be more overly sympathetic to momentary influence than those that are traded over-the-counter. There are more tape-watchers in this and they respond emotionally to bulletins and flashes. Incidentally, Continental added another \$48 million or \$4 per share to surplus in October due to appreciation in market value of equities and surplus to policyholders is nudging the \$1 billion mark. Investment income is up about 5%.

— || —

Ohio State Life became a bid only situation as investors assessed the magnitude of this company should its new move to wed Columbus Mutual Life be consummated. The first publicity was confusing, as it dealt with the matter of backing into an old legal conflict. Actually, of course, the program results from a resolution of differences, not from antagonism. Should this come about (and it will require six months or so at best), Ohio would be a company with \$1 billion \$200 million insurance in force, 1,500 agents, operating in 22 states. National Life & Accident soared on word of a 2 for 1 split with an increase in the cash dividend. It was up 10 points or so.

Security Life & Accident continued to advance after announcement of a proposed 20% stock dividend.

Nw National Life went over the \$200 mark.

Wis. National Life was going at \$60 with stock hard to find. This is new high ground.

All-American Life & Casualty took off again and at 22 was up 3 points on announcement of bang-up results for nine months.

Victory Life was sold out and went to 140 bid, up 10. Another Kansas situation was strong—National Reserve Life—leaping 30 to 275.

Kansas City Life, which has been resting after having moved at a 100 point clip weekly for awhile was sought anew and at 2600 was higher by 100.

National Old Line moved into new high ground above 34 on a 20% stock dividend proposal.

Reliance declined more than 2 points Friday on declaration of a quarterly dividend of 60 cents, an increase of 8½%. They wanted an egg in their beer, it looks like.

Arbitrators who bought Standard Accident stock around 50 earlier this year just after a twinning with Fireman's Fund was called off and before the Reliance acquisition was set, have done well. They got Reliance stock share for share and this is now hovering at 70 and they are setting a cash return of 5%.

Buyers are searching for recherche life insurance situations—inactive issues that might be available at prices that look cheap in relation to the regularly-traded stocks, for instance United Fidelity Life of Dallas which appears rarely and has been selling, when it did turn up, in the low 70s (at virtually no increase for the year) last week went at 90 or better.

### Panel's Audience Finds Good In Few Replacements

NEW YORK—Ninety-five out of 124 who answered the question posed at the New York City CLU Chapter's panel on replacements believe that fewer than 10% of replacements are justified, a poll of those attending showed. Of the remaining 29, 24 felt that between 10 and 20% of replacements are warranted, one member felt that between 20 and 30% are justified, two voted 30 to 40% and two voted 40 to 50%.

The other question on the ballot asked, "Within the scope of your own

personal knowledge, what percentage of cases are the result of replacement?" Of the 128 answering this question, the breakdown was as follows: Less than 10%, 42; 10 to 20%, 34; 20 to 30%, 23; 30 to 40%, 21; 40 to 50%, 5; 50 to 60%, 2; 70 to 80%, 1.

Institute of Home Office Underwriters has added Chesapeake Life to its membership list. Chesapeake's principal representative to the institute will be Robert H. Katz, secretary of Chesapeake Life.

## Taxability Of Sales Award To Be Heard By Supreme Court

The Supreme Court has agreed to hear the appeal of a life agent who, a U. S. circuit court of appeals has ruled, received taxable income when his company awarded him and his wife a free trip to New York City.

The case involves C. J. Rudolph, agent of Southland Life at Dallas, who, the lower courts have ruled, must pay income tax on the actual value of the free trip which was given to him as a production award. Mr. Rudolph's appeal is based on the claim that the trip, also awarded to several other agents, was for business purposes.

### Terms It Pleasure Trip

The lower courts ruled that the trip was for pleasure because Mrs. Rudolph's expenses were also paid for and that much of the couples time in New York was spent sightseeing.

Last month the Supreme Court refused to hear a similar appeal by J. C. Thomas, an agent in Birmingham for Liberty National Life. In this case, the circuit court of appeals allowed Mr. Thomas only a pro rata deduction

## Changing Population Theme Of Institute Gathering Dec. 12

(CONTINUED FROM PAGE 2)

with an active interest in community affairs and in organizations concerned with economic and social questions.

A new motion picture, describing how life insurance companies are furthering their public relations through the institute will receive its premiere showing at the meeting. Called "The Ipso Facto Report," the film uses the limited-animation cartoon technique and is designed to be shown to life insurance audiences—boards of directors, executives and other home office employees and to agents' groups.

The luncheon speaker will be President Holgar J. Johnson of the institute. He will give his views on what lies ahead for the life insurance business, based on his 22 years as the institute's chief executive. The business meeting will be held in the afternoon, with election of directors.

for the time spent in business conferences at a company convention, some five hours out of 3½ days, and denied all deductions for his wife's expenses.

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## Says Computers Can Perform Some Basic Underwriting Tasks

IBM computers can and should be used to do basic underwriting in many companies, W. C. Stockton, insurance department manager IBM midwestern regional office, told Chicago Home Office Life Underwriters Assn. at the November meeting.

He described the procedure followed

by a small southwestern company in using electronic data processing. When an application is received, information from it is coded (or copied) onto the code sheet. From this information are punched the name and address card, the underwriting card and, if appropriate, the special underwriting card. The latter card is used when rate-ups are necessary, riders are applicable, or cash accompanies the application.

The input cards are read by the computer and processing begins. Name and address are automatically printed on the basic underwriting and pre-

issue form. The proper plan, plan age and premium distribution records are selected from disk storage for use in underwriting the plan requested on the application. The computer then makes the following tests:

—Is insurance age reported on the application the same as insurance age computed from the date of birth?

—Were all questions on the application pertaining to health answered in the negative?

—Is weight variation less than 10 pounds?

—Do height and weight fall within

the limits considered standard? To arrive at this answer, the computer uses age as calculated to select the proper height, age and weight table.

—Is total amount of insurance at risk below the set maximum for the plan? Riders and any other existing policies are included.

—Are all riders requested on the application valid for this plan?

—If cash was received with the application, is it acceptable?

—Is applicant's insurance age and amount of insurance within the limits of the plan?

—Is the applicant's military rank one which is acceptable under this plan?

If the answer to any of these questions is negative, the application is rejected. Applications with all positive answers are processed through three more questions:

—Does the type or amount of insurance applied for necessitate a physical examination?

—Are applicant's occupational duties such that riders or reinsurance are necessary?

—Is the state in which the application was written one which requires any special attention?

If the answer to any one of those three questions is positive, the application is not turned down by the computer, but for each positive answer a message to the underwriter is printed on the basic underwriting and pre-issue form.

### Computer Prints Comments

For each condition which causes an application to be turned down, the computer prints a comment on the basic underwriting and pre-issue form. The machine stores 26 different underwriting comments and 65 characteristics of applicants which cause comments. Forms for disapproved cases are separated and sent to the underwriting department for review. If with modification or additional information the policy can be issued, the application is classified as pending and the field force is notified of action which must be taken. Those which cannot be classified are rejected.

Forms representing approved applications, along with the corresponding policy issue cards, are sent to the policy issue section, where the policy declarations are printed and the policies assembled and mailed.

Mr. Stockton emphasized that the company in question is a small one with \$200 million in force, all ordinary. They process about 704 cases a month through IBM and about 26 a hour. Many small companies are far more advanced in the use of the computer than many of the larger companies, Mr. Stockton reports. He believes this is because small companies must do more on a computer to justify it, and because they have fewer department walls, less red tape. It may be several years before the larger companies mechanize basic underwriting on ordinary policies, he said.

He next cited a large midwestern insurer which is just beginning the change to computer processing. The program, which has been in the planning and development stage for two years, will feature complete pre-underwriting analysis of the case, including essentially the same items described in the smaller company's check sheet. After all the necessary calculations and checks are completed, an application work sheet will be printed by the computer for each application processed. This sheet will include the name, ad-

(CONTINUED ON PAGE 35)

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## Mid-West Managers Survey Methods Of Building Agencies

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prospective recruit that it usually takes three or four years to break even, financially. He tries not to start a new man too high, so that there will be some room for an increase in income even during the period before he breaks even.

"Get good men and keep them" is the basic formula that leads to successful agency building, B. B. Bingham, general agent of Lincoln National Life at Fort Wayne, stated. Recruits are not "sold" the way prospective insureds are, he said. "When you sell a prospect, you solve his problems. When you sell a recruit, you create problems."

Agency building is a leadership function, Mr. Bingham said. The authority for leadership comes from the home office, from a demonstration of ability, from reputation, from respect and affection. Of all these, Mr. Bingham believes respect is most important.

### Study Past Patterns

He advised agency heads to look for past patterns in a man's life. "If a man hasn't been made in the 30 to 40 years before you get him, you can't expect to make him in six months," he said.

Many men come into the business because they have had career problems, Mr. Bingham said. One of the steps in morale-building is to help him solve those problems. "Let's learn to love people and use things, not vice-versa," he concluded.

H. P. Winter, executive vice-president Union Central Life, proposed a set of rules an agency head might keep in his desk drawer:

"—Have a minimum on the aptitude test under which you will not accept a man. What the minimum is does not matter as much as not cheating on it. Don't rig the test to get the minimum out of a man you are afraid won't make it.

"—Don't hire a man you can't fire.

"—Train in the shadow of the man, not in the shadow of the manager. Train him to sell the type of people who are his natural market, not those who are yours.

"—Train in a pattern of success. That is, train a man to make a profit.

... By and large, the agent's profit should be his renewals. Don't set up a financing plan that takes not only his first year commissions but also all of his renewals.

"—Don't take the glory for the successful men unless you also take the responsibility for failures.

### Build Morale, Ego

"—Build morale by building ego, showing a man you can appreciate him and selling him on the business, his company and his agency."

William Harmelin, general agent at New York of Continental Assurance, explained how to get business through health insurance. He said that health insurance makes extra income available to agents, not only from health commissions but also from the added life commissions engendered by the health approach.

By selling life and health in combination to meet the problem of loss of income on all fronts, the agent puts himself in the position of a professional with whom people deal because of the results he achieves, not the cut rates he offers, Mr. Harmelin said.

He reported that in 14 years of writing disability buy-out funding cases,

his agency has never had a lapse. "Until you understand the oneness of life and health insurance, you will never know how poor a service job you are doing for your life-only clients," he concluded.

At the conference banquet, a special plaque was presented to Robert W. Osler, president Underwriters National of Indianapolis, for 15 years of outstanding service to the conference. Guest speaker at the banquet was Lester O. Schriver, retiring executive vice-president of NALU, who discussed the future of western civilization.

## Guardian Life Offers A Payroll Deduction Disability Income Plan

Guardian Life has introduced a disability income protection policy to employer-employee groups of five or more lives on a payroll deduction basis. Depending on the size of the group, benefits may run as high as \$600 a month. Underwriting will be generally on an individual basis, but guaranteed issue will be available to groups of 15 or more lives.

The franchise program will offer two separate policies. One, for employees whose occupations require manual skills, which will provide benefits for one or two years, and payments will be made for disability which prevents the insured from following a reasonably gainful occupation.

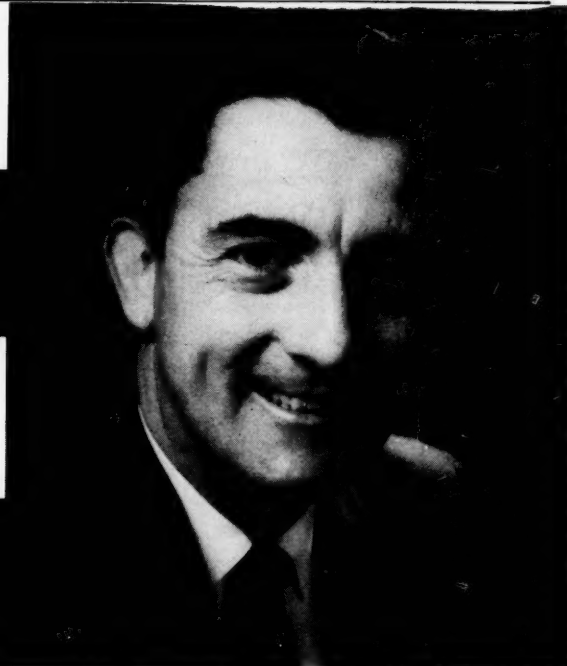
The second policy, for business and professional employees, provides benefits for up to two years for disability which prevents the insured from performing the duties of his regular occupation, and thereafter for inability to work at any gainful occupation.

## WHAT IS

Bill Nelson's

## SECRET OF

Success?



Had it not been for a bad case of hay fever, Bill Nelson, C.L.U., might never have moved to California where he is today the leading producer in Acacia's San Fernando Valley Branch. A resident of Vineland, New Jersey, Bill became associated with an automobile dealer in that city following his release from the Army Counter Intelligence Corps at the close of World War II. To improve his health, Bill went west and became associated with another automobile dealer in Los Angeles. Although he advanced to the position of Business Manager with this concern and the future looked bright, he did not feel that the automobile business offered him the unlimited possibilities for financial growth he was searching for. When he learned about Acacia, he lost little time in making up his mind that a sales career in life insurance was for him and he joined our Los Angeles Branch in February, 1951.

During the ten years he has sold life insurance protection for Acacia, he has consistently been a top-flight producer and, as shown above, has earned for himself the coveted Chartered Life Underwriter designation. He has more than six million dollars of business in force to his credit, upon which he receives the monthly income provided for under the unique compensation provisions of his "Opportunity Contract". In addition, Bill can look forward to receiving an ever-increasing monthly income on his total business in force throughout his entire Acacia career.

When asked what he felt was the "secret of his success", Bill had a ready answer. "One, I am happy when I am selling life insurance. Two, I am especially happy in being able to sell for Acacia because I can specialize in life insurance, without having to bother with other lines of coverage. Three, I believe a man has to be happy in his work to be successful."

We're proud of Bill Nelson and all of our other career life insurance salesmen and saleswomen who have found that *specialization in personalized life insurance selling* has enabled them to find their own secret of success—at Acacia.

## ACACIA MUTUAL LIFE INSURANCE COMPANY

"Where You Get Tomorrow's Protection Today"

Home Office: Washington, D. C.

## Home Office Changes

### Nat. Life Of Vt.

Andrew T. McGuire has been appointed general agent at Cincinnati. He was agency supervisor at Jacksonville, Fla., for Massachusetts Mutual, and before that he was assistant agency manager in Chattanooga for New York Life.

Kenneth A. Mouw has been made general agent at Grand Rapids, Mich. He was with Equitable Society at

Muskegon, Mich., as district manager.

A. T. Hatch has been made general agent at Manchester, Vt. He was vice-president of Burroughs & Hatch, a brokerage agency there, and he now becomes president of that organization. He is a CLU.

Robert P. Burroughs, former president of the agency, will take over more active management of R. P. Burroughs Inc., actuarial and consulting firm.

### California Life

Robert E. Callahan, manager of the group department since early 1960, has been promoted to assistant vice president, group administration. Before joining California Life, he was chief underwriter for California Physicians Service. His experience in the life insurance field dates back to 1948.

### Provident Life & Accident

James W. Sedgwick, agency manager in the home office, has been appointed manager in the accident department there. He joined the company in 1940 and was made an agency

supervisor in 1943.

Charles E. Hickey, who has been supervisor, agencies, since 1959, has been made agency manager, accident department. He joined the accident department in 1953.

### Occidental Of California

C. Greg Walsh has retired as assistant controller, capping a career of nearly 40 years in the insurance business, almost all of it with Occidental. Mr. Walsh joined Idaho State Life in Boise in 1923. That company was reinsured by Occidental in 1925, and—in 1926—Mr. Walsh moved to Occidental's Los Angeles home office. He was placed in charge of policyholders service department in 1932 and in 1938 was elected assistant controller.

### American United Life

Marshall Beilke has been named manager of group department service. He has been in the business 11 years as group representative for Employers Mutual of Wausau, and most recently as field service assistant and group sales representative for North America.

### Life Of Virginia

Paul A. Myers, manager of the data processing division, has been elected an assistant secretary. He joined the company in 1955 as an actuarial trainee after two years in the actuarial division of Metropolitan Life.

### Bankers Life Of Iowa

Six promotions and changes in assignment among company officers have been made.

Merwyn D. Cramer was named field vice-president; Wendell A. Moats, William G. Schneider and C. Lambert Trowbridge were named 2nd vice-presidents; Raymond D. Hamill was named superintendent — manpower development, and Floyd W. Milligan was named assistant treasurer.

Two new officers also were named: Gene D. Reifsnider, director—advanced underwriting, and Roy H. Ehrle, assistant treasurer.

Mr. Cramer, who has been 2nd vice-president and director of agencies, joined Bankers Life in 1925 while still in school. He became an officer when he came to the home office in 1959 from his post as the company's agency manager in Los Angeles. Mr. Moats, who has been director of group sales, joined the company in 1948. He came to Bankers Life from a post as assistant superintendent of group sales for Travelers whom he had been with for some 22 years.

Mr. Schneider, who has been a group actuary, joined the company in the actuarial department in 1946. He became an officer in 1950 as assistant group actuary and, successively, was named group underwriting secretary in 1953, associate actuary in 1956 and group actuary in 1959. Mr. Trowbridge, who has been a group actuary, joined the company in the actuarial department in 1938. He became an officer in 1949 as assistant actuary and was named, successively, associate group actuary in 1953, associate actuary in 1956 and group actuary in 1959.

Mr. Hamill, who has been superintendent—sales services, first joined



Merwyn D. Cramer

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The outstanding groups listed to the right have discovered what makes a convention so memorable at the Shoreham Hotel and Motor Inn in Washington. It's our *personal touch*—the expert, *individual* service that we give every group, large or small.

You'll find no stiff rule-book attitude at the Shoreham. Whether you want to "move a wall" or change a salad, our convention staff are always ready to give you their *immediate* personal attention.

And we've the finest facilities for groups of every size: 700 beautiful air-conditioned guest rooms for conventions in the hotel and motor inn, accommodating 1400 persons ... 25 meeting and banquet rooms accommodating any number from 35 to 1000 ... outdoor swimming pool ... and 44,000 square feet of drive-in exhibit space. For complete Convention Portfolio, write John E. McMurtagh, Director of Sales.

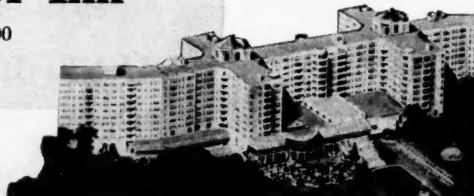
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### A FEW OF THE ORGANIZATIONS WHO HELD THEIR CONVENTIONS AT THE SHOREHAM DURING 1959-60

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Air Transport Assn. of America  
American Alumni Council  
American Bar Association  
American Industrial Bankers Assn.  
American Medical Association  
American Pharmaceutical Assn.  
American Public Power Assn.  
American Society of Testing Materials  
American Trucking Assn., Inc.  
Assn. of Industrial Advertisers  
Milk Industry Foundation  
National Assn. of Broadcasters  
National Association of Mutual Savings Banks  
National Association of Photographic Manufacturers  
National Automobile Dealers Assn.  
National Candy Wholesalers Assn.  
National Electrical Manufacturers Association  
National Food Brokers Assn.  
National Lumber Manufacturers Association  
National Travelers Aid Assn.

#### INDUSTRY

The Coca-Cola Company  
Esso Standard Oil Company  
Ford Motor Company  
International Business Machines Corporation  
Johnson and Johnson  
Lever Brothers  
Norge Sales Corporation  
Parke, Davis and Company  
The Pepsi-Cola Bottlers' Assn.  
Piggly Wiggly Corporation  
Ralston Purina Company  
Sperry Gyroscope Company  
Sylvania Electric Products, Inc.  
U. S. Gypsum Company

#### INSURANCE

General Insurance Co. of America  
Great Central Life Insurance Co.  
International Union of Marine Insurance  
Liberty National Life Insurance Co.  
Metropolitan Life Insurance Co.  
Mutual Insurance Agency Assn.  
Peoples Life Insurance Company  
Prudential Insurance Company  
Shenandoah Life Insurance Company

#### CLUB AND FRATERNAL

Alpha Sigma Tau Sorority  
Beta Chi Sorority  
Daughters of America  
General Federation of Women's Clubs  
P. E. O. Sisterhood  
Phi Gamma Delta Fraternity  
Rotary International Club

#### OTHER GROUPS

American Forest Products Institute  
American Rocket Society  
Chamber of Commerce of the U. S.  
Fifth International Congress on Nutrition  
Fourth Marine Division Assn.  
National Council, Boy Scouts of America  
National Institute of Governmental Purchasing, Inc.  
National Recreation Congress  
9th Infantry Division  
95th Infantry Division  
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Tax Foundation, Inc.  
U. S. Savings and Loan League  
United Steel Workers of America

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the company at Denver in 1938. He was named manager of the agency in 1948 and came to the home office in 1951 when he was made an officer as manager of sales promotion. In 1956 he was named director of sales service and in 1959 superintendent—sales services. Mr. Milligan, who has been an assistant secretary, joined the company in 1947 in the investment department. He was named senior security analyst in 1953 and became an officer when he was elected assistant secretary in 1958.

Mr. Reifsnider joined Bankers Life as legal associate, sales service division, in 1956 and was named director of advanced underwriting in 1959. He had previously served for more than two years as an estate and business insurance analyst for Penn Mutual at Des Moines. Mr. Ehrle, who has been a senior security analyst, joined the company in 1954, as a city loan assistant in the investment department. He was successively named mortgage loan assistant in 1954 and senior security analyst in 1958.

### Woodmen A.&L.

William D. Walters has been named educational director. Mr. Walters will succeed W. P. Thornton, who will represent the company in Lincoln, Neb., specializing in programed selling

and advanced field underwriting. Mr. Walters has served since 1957 as a personal producer and division manager for Prudential in northwestern Iowa.

### Franklin Life

Lillian R. Gilster has been promoted to director of sales promotion. A member of the sales promotion department of Franklin Life since 1938, Miss Gilster was appointed assistant director of sales promotion in 1945.

### John Hancock

James A. Pierce, director of the bureau of publications, has retired. He joined the company in 1925 as assistant manager of the publicity department and in 1940 was named advertising manager.

**INTERNATIONAL LIFE** of Buffalo has named Anthony J. Cassano chief underwriter.

**LIFE OF KENTUCKY** has named four directors: J. Howard Marshal, president Union Texas Natural Gas, Houston; Sherrill P. Newton, vice-president Chemical Bank New York Trust

Co., New York; Bernard H. Barnett, partner Greenebaum, Barnett, Wood & Doll, Louisville, and Edward J. Keresey, Lee Higginson Corp., Boston.

**GOVERNMENT PERSONNEL MUTUAL LIFE** of San Antonio has named Robert P. Hale vice-president and associate director of agencies. He has been in the business 28 years, most recently with Tennessee Life as agency vice-president.

**NORTH AMERICAN LIFE** of Toronto has appointed H. G. Johnston associate actuary; Q. J. Maltby assistant actuary, and T. F. M. Edwards tabulating officer.

**NORTH CENTRAL CO.** has named to the board: V. J. Pobrislo, president West Virginia Insurance Management Corp., Huntington, W. Va., and Dr. Charles A. Hoffman, Hoffman Urological Clinic, Huntington.

**American Family Life** of Maryland has been placed in receivership at the order of the Montgomery County (Md.) circuit court.

## Occidental Of Cal. Has Record Three-Quarters

Occidental Life of California topped all its previous marks by recording individual and group sales of \$1,661,119,613 for the first nine months of 1961. Sales were \$301,231,933 higher than the same period last year, a 22% rise.

Greatest gain was in group sales, up 86% over 1960. Individual sales increased 01%. Approximately \$215 million in 1961 group sales is from participation in the non-operating railroad employees insurance program.

Total in force exceeds \$11 billion. A&S premiums in the first three quarters of 1961 were \$71,422,924, up \$4,621,942 over 1960.

## Group Was In-Force, Not Sales

Mutual Benefit Life's group life sales for the first eight months of 1961 were incorrectly reported in the Nov. 4 issue as \$750 million. The \$750 million figure was the in-force figure at the end of August, as stated in the company's announcement.

## Conventions

Dec. 4-8, National Assn. of Insurance Commissioners, regular meeting, Baker & Adolphus Hotels, Dallas.

Dec. 11-12, Assn. of Life Insurance Counsel, annual, Waldorf Astoria, New York City.

Dec. 12, Institute of Life Insurance, annual, Waldorf-Astoria Hotel, New York City.

Dec. 13-14, Life Insurance Assn., annual, Waldorf-Astoria Hotel, New York City.

Dec. 27-29, American Risk & Insurance Assn., annual, New York City.

### 1962

Jan. 26, CIU seminar, University of Miami, Miami.

Jan. 31-Feb. 4, Federation of Insurance Counsel, mid-year Grand Bahama island Hotel, Grand Bahama Island.

Feb. 12-14, Health Insurance Assn., group insurance forum, Drake Hotel, Chicago.

Feb. 21-24, Florida Life Underwriters Assn., sales congress, Miami, Lakeland, Tallahassee and Jacksonville.

March 19-21, Life Office Management Assn., automation forum, Drake Hotel, Chicago.

May 7-9, Health Insurance Assn., annual, Denver Hilton, Denver.

May 17-19, Home Office Life Underwriters Assn., annual, Royal York Hotel, Toronto, Canada.

May 28-29, Assn. of Life Insurance Counsel, spring meeting, Greenbrier Hotel, White Sulphur Springs, W. Va.

May 30-31, Actuarial Club of the Pacific States, spring meeting, Ahwahnee Hotel, Yosemite National Park, Cal.

June 3-6, Insurance Accounting & Statistical Assn., annual, Royal York Hotel, Toronto, Canada.

June 6, Fraternal Actuarial Assn., annual, Drake Hotel, Chicago.

June 10-13, Institute of Home Office Underwriters, annual, Shoreham Hotel, Washington, D. C.

June 13-16, Life Insurance Conference, annual, Greenbrier Hotel, White Sulphur Springs, W. Va.

July 12-14, International Assn. of Insurance Counsel, annual, Greenbrier Hotel, White Sulphur Springs, W. Va.

July 31-Aug. 3, Federation of Insurance Counsel, Hotel Vancouver, Vancouver, B. C.

Aug. 1-4, National Assn. of Life Companies, Inc., annual, Olympic Hotel, Seattle.

Sept. 12-14, Life Insurance Advertisers Assn., annual, Mayflower Hotel, Washington, D. C.

Sept. 16-21, National Assn. of Life Underwriters, annual, Hilton Hotel, Chicago.

Sept. 24-26, Life Office Management Assn., annual, Netherland-Hilton Hotel, Cincinnati.

Sept. 24-26, National Fraternal Congress of America, annual, Statler Hilton Hotel, New York City.

Sept. 30-Oct. 3, International Claim Assn., annual, Americana Hotel, Bal Harbour, Fla.

Oct. 8-12, American Life Convention, annual, Edgewater Beach Hotel, Chicago.

Oct. 15-17, Society of Actuaries, annual, Chateau Frontenac Hotel, Quebec.

Oct. 25-26, Actuarial Club of the Pacific States, fall meeting, Del Monte Lodge, Pebble Beach, Cal.

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## Changes In The Field

### Lincoln National Life



Richard R. Caldwell

Richard R. Caldwell has been named general agent at Boston to succeed David B. McEwan, who is resigning to devote full time to personal production. Mr. Caldwell had been with Sun Life of Canada, most recently as manager at Boston. He is a past president of Providence Life Underwriters Assn. and of Providence Managers Round Table.

Gerald R. Damron has been appointed to a supervisory post with Travis L. Madden & Associates, representatives of the company in Oklahoma City.

### Georgia International Life

Jean J. Pruss has been appointed general agent in Milwaukee. He was insurance consultant with John Nichols Inc. of Milwaukee and before that was with Phoenix Mutual.

### Connecticut Mutual

E. Keith Skalla, general agent at Des Moines, has been appointed gen-



John L. Skalla

eral agent at Chicago. He joined the company in 1953 and was later named manager at Lincoln, Neb.

Succeeding Mr. Skalla at Des Moines is his brother, John L. Skalla, who was in personal production at Lincoln. He is a qualifying member of Million Dollar Round Table.



E. Keith Skalla

### Guardian Life

Donald G. Burdick has been made general agent at San Mateo, Cal. He entered the business in 1954 as an assistant manager at San Jose, Cal., for Mutual of New York.

Sidney L. Gunter Jr. has been appointed general agent at Wheeling, W. Va. He was supervisor of the agency there.

Richard A. Frey has been named district agent in Trenton, N.J. He has a general lines agency there.



Donald G. Burdick

established his own agency at Crescent City. Mr. Sullivan goes to El Paso from Odessa, where he has been with Metropolitan Life as assistant manager.

### Sun Life Of Baltimore

John C. Quigley has been named general agent at Haddonfield, N.J. He entered the business with Metropolitan at Camden, N.J., and later opened an independent brokerage agency in Camden, N.J.

### Postal Life



William J. Harford

William J. Harford has been appointed general agent at New York. He joined New York Life 10 years ago as group manager at Boston and later became regional manager in the northeastern region and assistant regional vice-president. He entered life insurance with Prudential.

### Volunteer State Life

Cecil W. Hannaford has been named regional director of agencies in Mississippi. He was with Fidelity Union Life of Dallas as state manager, division manager, and general agent.

### Canada Life

Edward G. Brennan has been named manager of a new branch in New Orleans.

### Liberty National

C. A. Speed, Greenville, Ala., has been made associate manager at Jacksonville, Fla.

J. F. Walters, Atlanta, has been appointed associate manager there.

E. P. McDonald, Prichard, Ala., has been made associate manager at Biloxi, Miss.

### United States Life

James E. McBride has been appointed to the new post of district group manager at San Francisco, in charge of the north Pacific area. He was head of the Indianapolis group office for New England Life and before that was its district group representative in Cincinnati.



James E. McBride

### Franklin Life

James J. Brennan and John H. Rose have been named general agents at Lombard, Ill., and Streator, Ill., respectively.

### Philadelphia Life

T. A. Cummings Jr. has been appointed general agent at Chicago.

### Protective Life Of Ala.

Roger H. Lambright has been appointed general agent and general agency consultant at Jackson, Miss. He



was with Prudential and Service Life & Health of Jackson, Miss., at Cleveland, Miss., and Jackson. Later he was made field supervisor for Mississippi for Standard Life of the South.

### Prudential

Managerial changes in three southern California district agencies have



R. L. Nelson



R. W. Rich

been made. Ronald W. Rich, former training consultant in northern California, was promoted to manager and placed in charge of the Inglewood dis-



W. D. Halverstadt



E. C. Mansfield

trict agency. Ruben L. Nelson, former manager of the Inglewood district agency, was named manager of the Ventura district agency. Edward C. Mansfield, who formerly headed the Ventura district agency, was placed in charge of the Glendale district agency.

Mr. Rich joined the company in 1954 at Eureka. He was promoted to staff manager in 1955 and was named training consultant in 1958. He was awarded the company's president's citation in 1955 and 1957. Mr. Nelson has been with the company since 1947, when he was appointed an agent in Long Beach. He was named staff manager in 1949 and training consultant in 1951. He became manager of the Yakima district agency in 1953 and the Inglewood district agency in 1958. Mr. Mansfield started at east Los Angeles in 1949. He was promoted to staff manager in 1951 and was transferred to Ventura in 1955. He received the president's citation in 1955, 1956 and 1957. In 1958, after nine months as a training consultant, he was named manager of the Ventura district agency.

William D. Halverstadt, sales manager of group pensions at Minneapolis,

has been transferred to the company's home office in Newark as assistant director of group pension sales. Mr. Halverstadt was with Connecticut General Life for five years before joining Prudential in 1957.

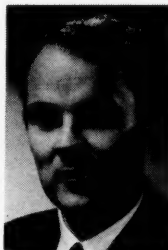
### Occidental Of California

Milton J. Eberle has been appointed brokerage manager for the Irvin R. Barr general agency in Sacramento. Mr. Eberle has served as an agent there since entering the business in 1957.

Carl E. Edwards has been appointed assistant brokerage manager at Miami.

### John Hancock

James T. Burgess has been elected vice-president and director of sales by the North Central Associates general agency of John Hancock at New York. This agency was formerly called Black & Dowd. Mr. Burgess replaces Robert V. Dowd, who has resigned. Mr. Burgess joined John Hancock in 1949 in the group department.



James T. Burgess

### Guarantee Mutual Life

Donald M. Byington has been named a field supervisor. Mr. Byington was formerly with Lincoln National Life as a sales supervisor in Omaha and has more than 12 years experience in life sales.

### National Life Of Vermont



Clyde R. Welman

Clyde R. Welman has been elected a director, succeeding Lewis B. Williams, who has resigned for health reasons. Mr. Welman is vice-president in charge of agencies. He joined the company in 1926 at St. Louis. He is a CLU.

### Occidental Life Of Raleigh

Charles E. Black has been made regional manager at Charlotte, N.C. Robert N. Hales has been named unit manager at Durham, N.C.

### Travelers



William B. Jaeger

William B. Jaeger has been made life manager with the Maurice Linder general agency at New York. He was in personal production.

### Bankers Life Of Ia.

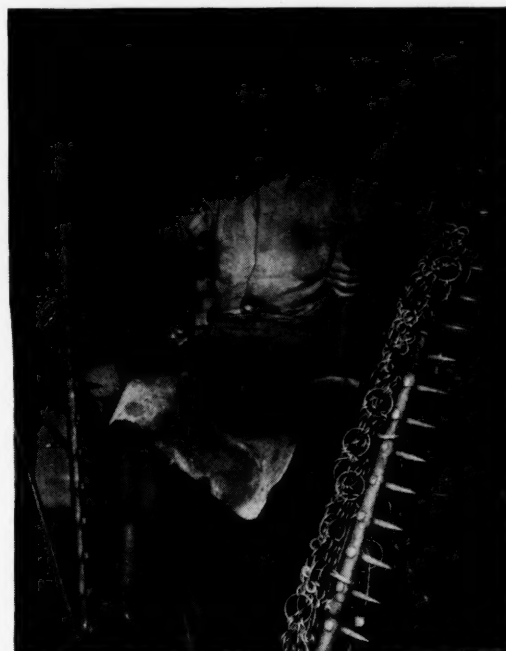
Robert M. Stone has been named general agent at Mankato, Minn. He has been with Massachusetts Mutual for the past three years, and has also been with North America as Nebraska sales supervisor, and Midwest Life.

## GOOD MEN BEHIND A GOOD PLAN MAKE PROGRESS

### MEN OF THE CHESAPEAKE BAY COUNTRY

Blacksmith  
Melvin Collier of Deal's Island, Md., is famous for his oyster dredges. Bay watermen say that his dredges, made freehand, have a "magic touch."

Photograph by  
A. Aubrey Bodine.



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## Conn. Gen'l And Aetna In 'Affiliation' Move

(CONTINUED FROM PAGE 1)

dorsed the plan and will recommend its acceptance by its stockholders.

Aetna stockholders who elect to make the exchange will become stockholders of Connecticut General, and Connecticut General will become owner of 80% or more of presently outstanding Aetna stock.

First Boston Corp. is acting in an advisory capacity to both companies and will help carry out the exchange.

The affiliation plan does not involve any change in the management, corporate structure, location or agency arrangements of Aetna, the announcement stated.

Commenting on the plan, the Con-

necticut General's letter to its stockholders said: "For many years your directors and officers have studied the desirability of broadening our investment base so that Connecticut General may benefit from the writing of all forms of insurance coverage. The New York law has been clarified by the highest court of that state, so that this plan is now feasible. We believe the proposed affiliation with Aetna Ins. Co. will be beneficial to the future of both companies and is in the best interests of our stockholders."

The letter was signed by Henry R. Roberts, president, and Frazar B. Wilde, chairman.

The letter from Aetna's board to its stockholders was signed by President H. M. Mountain and says in part:

"Your directors and management believe it is definitely to your advantage as an Aetna Ins. Co., stockholder to accept the exchange offer when it is formally made. This plan will provide the Aetna Ins. Co., with an outstanding, aggressive life insurance associate. It will also provide our stockholders with the opportunity to become owners of a company that will have active and major interests in all areas of the insurance business."

"Aetna Ins. Co., including its management, agency representation, office and field personnel, will continue to operate as a separate company with the benefit of affiliation with Connecticut General."

The projected affiliation will result in a group which, on the basis of Jan. 1, 1961, figures, will have assets of \$2,547,000,000, capital and surplus of \$257 million and premium income of \$510 million. Connecticut General is the sixth largest life company in the country in insurance in force, with \$11.4 billion. Insurance sold last year was \$1.6 billion, capital and surplus was \$157 million, assets were \$2,232,000,000 and net reserve stood at \$1,564,000,000. Total premium income was \$340 million.

Aetna Fire showed assets of \$314.3 million, policyholders' surplus of \$99.9 million, \$168.7 in direct written premiums, and a combined loss and expense ratio of 98.8%, representing a considerable improvement over previous years. The combined ratio produced an underwriting profit of \$317,000. The gain for the year, including investment income, was \$8,371,000. Connecticut General had a net gain after taxes and dividends to policyholders of \$14.6 million.

### THACHER GIVES VIEWS

NEW YORK—Asked for comment on the proposed acquisition of Aetna Ins. Co., by Connecticut General Life, Superintendent Thacher of New York indicated that the department will study the proposal and then decide what action, if any, should be taken.

While Mr. Thacher would not say more than that about the specific proposal, he has indicated in statements since the department lost its fight to block Connecticut General from buying a fire-casualty company that he believes there are other grounds than those in Connecticut General's suit on which a life company could be barred from New York for buying a fire-casualty insurer.

For example, at the recent hearings held by the New York legislative committee on insurance rates and regulation, there was discussion of the advisability of amending the New York law to permit domestic companies to do what the Connecticut General decision now permits out-of-state companies to do. Mr. Thacher emphasized

the problem created by the lack of legislative standards as to what constitutes doing a prohibited class of business through a subsidiary and what doesn't.

Said Mr. Thacher to the legislative committee: "The only suggestion of standards offered by the court to this department is the court's opinion, reading in pertinent part, 'if the time comes that appellant, through the guise of a subsidiary, actually engages in that business, that will be time enough to refuse to renew appellant's license.'"

"Such a standard would impose a serious administrative problem on the insurance department—a burden that would be alleviated by more meaningful standards. Without them, there is real danger of erosion of the New York concept that a life insurer should not be permitted directly or indirectly to do business which is not related to the business of insurance on human lives."

### 'Consider Public Policy'

Mr. Thacher suggested to the committee that the legislature should first consider public policy "with respect to the scope of permissible distraction from the essential business of life insurance that can be permitted in the case of a domestic insurer" and that when that is done it should be a simpler task to delineate the reach of New York's requirement that out-of-state insurers must comply substantially with insurance law requirements applicable to domestic insurers.

Last June, shortly after the final decision in the Connecticut General case, Mr. Thacher said at a meeting of the National Assn. of Attorneys General that the court of appeals ruling did not cover such matters as the possible anti-trust impact of the acquisition of one insurer by another. He laid down no general rules but said each acquisition would be viewed on the basis of the facts involved.

## W. A. Jenkins Chosen Head Of Actuaries

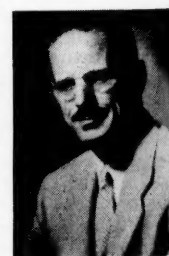
Wilmer A. Jenkins, executive vice-president of Teachers Insurance & Annuity of New York City, was elected president of Society of Actuaries at the annual meeting held at White Sulphur Springs. He has been president-elect for the past year. He succeeds Dennis N. Warters, president of Bankers Life of Iowa.

Mr. Jenkins was an instructor in mathematics at University of Michigan and at Harvard before going into actuarial work in 1926 with L.A. Glover & Co., Chicago consulting actuaries. He went to Lincoln National Life in 1931 and was underwriting secretary when he left to join Teachers in 1937 as actuary.

John H. Miller, vice-president and senior actuary of Monarch Life of Springfield, Mass., was elected vice-president-elect, placing him in line to succeed Mr. Jenkins a year from now.

Other news of the society's meeting will be covered in next week's issue.

Cleveland Life Supervisors have elected H. Stanley Rassler, Prudential, president; Theodore M. Brooker, Union Central Life, vice-president; and Charles R. Madigan, Dominion Life, secretary-treasurer.



Wilmer A. Jenkins

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## AT HIA INDIVIDUAL FORUM

# Rietz Keynotes Two-Point Program To Block King-Anderson Measure Next Year

H. Lewis Rietz, president of Health Insurance Assn. of America, put before the health insurance business a two-point program as the industry's answer to the administration's King-Anderson bill to provide health care for the aged through social security, in his keynote address at the association's individual insurance forum in Philadelphia.

Mr. Rietz, who is also executive vice-president of Great Southern Life, said, "The challenge is before you today. We must understand and believe in the adequacy and soundness of the means now available to finance the cost of health care for every segment of our population and we must sell this belief broadly and with conviction."

"Secondly, we must vigorously seek more economic and effective means to provide and finance health care with our present voluntary system."

## 50% Now Covered

As to the claim that the majority of the aged cannot afford health insurance, Mr. Rietz said, "This contention disregards the fact that over 50% are now covered and fails to recognize either the potential inherent in group insurance or the rapid strides we have made in developing and merchandising coverages for our present aged, as well as coverages at younger ages that will continue for life."

"Furthermore, it overlooks the improving situation of our aged with respect to income and resources. Contributing factors to such continuing improvement are the rapid growth of private pension plans, the increasing benefits from OASDI, and their improving liquid asset position."

Mr. Rietz scored advocates of federal medical care for the aged for using as tools emotional appeals and mathematically correct but misleading statistics.

Said Mr. Rietz, "Thus, they cite the fact that 60% of the aged 65 and over have cash incomes of less than \$1,000. The census data on which this is based shows that 74% of these individuals are women and that 77% of all women 65 and over had incomes of less than \$1,000."

## Family Heads Earning \$5,300

"But the fact is that 60% of all women—my wife and I'm sure most of your wives—had money incomes of less than \$1,000. But the January, 1961, census reports reveal that the median income where the head of the family was 65 and over and working was in excess of \$5,300, and for such urban families, whether the family head was working or not, the median income was over \$3,300."

"Using a new and sensible test of 'equivalent income,' the New York department of labor finds a median equivalent income for all families, whose head is 65 to 69, of over \$7,000. Hardly a picture of destitution since their median equivalent income for all families where the head is 40-44 is

only about \$5,600."

A panel, in which the favorable experience with guaranteed renewable policies was reported by three companies, was moderated by D. B. Alport, vice-chairman of HIA's individual insurance committee and vice-president, underwriting, of Business Men's Assurance.

O. C. Yuerhs, Farmers & Traders Life, said his company sells both optional renewable policies and those guaranteed renewable for life.

## Peace Of Mind Insurance

"Persistency," he said, "appears to be about the same on both types of coverages. We accept this to mean that the insured is accepting a renewal guarantee as insurance for peace of mind and is not necessarily planning to use it adversely against the company."

W. G. Alpaugh Jr., Inter-Ocean reported he had surveyed 33 companies which write lifetime guaranteed renewable health policies to persons 65 and older and found that in most instances it was a new coverage. He said nine companies replied that they had been issuing the coverage for more than two years and the other companies had started issuing it in the last two years. He said it was his company's conviction that in 10 years or less 95% of the health insurance written in the U. S. will be on a guaranteed renewable basis.

G. T. Delahunty, All American Life & Casualty, said he believed his company's philosophy of continuing coverage of policyholders whose health has deteriorated "has resulted in tremendous good will and a spirit of enthusiasm by our agency staff which is difficult to measure."

## Deteriorating Risks

Mr. Delahunty said it was too early to say whether the practice of continuing to renew deteriorating risks is excessively expensive.

"However from preliminary results, we believe it will be feasible to follow this philosophy indefinitely," he said.

Following the panel, Paul M. Hawkins, HIA counsel, said that if the King-Anderson measure is to be defeated in the second session of Congress, every member of the health insurance community must make known his views to senators and representatives.

In the second session of the 87th Congress a decision will be made. Will this country continue its progressive approach toward better health care through free and unfettered medicine and health insurance, or will we be burdened with a regressive system of federalized medicine and health insurance? It is upon that question that the decision will be made.

"Of course, such an issue will never be dead. But if defeated at a time when the so-called liberal forces control the executive and legislative branches of our government, it will be dealt a near fatal blow."

## Chances Next Year

Turning to the outlook for the second session, Mr. Hawkins pointed out no further hearings on the King-Anderson bill are necessary before the House ways and means committee, and the Senate will continue to be dominated by a liberal majority, which practically guarantees passage of any

federalizing measure once it passes the House.

Though these facts are not encouraging, he observed, the administration is confronted by weaknesses as well as strengths in pursuing its legislative course. He listed such major weaknesses as a serious leadership problem in the House as a result of the loss of Speaker Rayburn, the gradual drifting away of some administration support in Congress, with the conservative core attracting more and more swing votes, and the reduced effect of patronage as a means of influencing Congressional votes, because the cream of the patronage was dispensed during 1961.

William N. Seery, Travelers, chairman of the executive committee of the associated Connecticut health companies, reported on the accomplishments of the Connecticut pool to provide broad health coverage for the elderly.

Speaker at the luncheon on Tuesday was Roger Fleming, secretary-treasurer and director of the Washington office of American Farm Bureau Federation. The title of Mr. Fleming's speech was "Making the Choices that Count."

Harold J. Cummings, president of

Minnesota Mutual, in his address on Wednesday, said that only life insurance contractual investment can alleviate the four life-long financial worries of all men—need of ready money for emergencies or opportunities, possible prolonged loss of earning capacity, need for lifetime income at retirement and income for family in event of his death.

## Eliminates Hazards

Mr. Cummings said a life insurance investment eliminates three of the four hazards without added cost and provides for the fourth—retirement income for life—at 50 cents on the dollar when compared to any other vehicle of savings or investment.

He said this left the remaining 50 cents to be spent or saved at will by the insured. Other investment methods not only require the whole dollar, but they protect against one financial situation and leave the other three hazards to chance.

American Family Life of Maryland order of the Montgomery County (Md.) has been placed in receivership at the circuit court.



## house of original ideas

The pride a Bankerslifeman feels in the company he represents stems in very large measure from the reputation his company has earned over the years for the introduction of really original ideas in the life insurance business. He is proud to say he was the first to carry the now popular *Guaranteed Purchase Option*, the *Cradle Protection* plan and the *Wife Protection Rider* in his brief case. Carefully chosen and thoroughly trained, the typical Bankerslifeman has service as his watchword. This means that his professional presentation of the new ideas from his company will see to it that his clientele gets optimum benefits from "The Company That Fits The Need."

**BANKERS Life COMPANY**  
DES MOINES, IOWA

## ARIA Takes Stand On Educational Trend

(CONTINUED FROM PAGE 1)

sion-making.

3. Aggregative approach: A study of risk and insurance through an analysis of the macro-economic variables such as savings, consumption and credit. "This approach has the merit of avoiding descriptive detail," the report comments.

4. Integrative approach: Based on the premise that any subject is more clearly understood when it is related intimately to the total complex of subjects of which it is a part. "This approach is necessarily limited to students whose exposure has been broad and whose level of understanding is advanced."

5. Functional approach: Strong emphasis on functions necessarily involved in insuring the risk. This approach lends itself better to some of the advanced work of the specialist than to instruction at the introductory level. The focus of attention is on the process of the insurance mechanism rather than on the perils themselves."

6. The combination functional-line approach: An approach on a functional basis to those aspects common to all or at least most efforts to handle risk through insurance, covering on a hazard or "line" basis those aspects that vary fundamentally from one type of hazard and insurance to another.

7. Other approaches: "Some possible approaches, such as those entirely actuarial or legal, may not be practical for use in curricula in business administration and economics. Other approaches not included in this discussion might be adaptable."

### New, Better Ways Sought

All research, the report concludes, "should be directed toward the discovery of new and better ways to cope with the ever-present phenomenon of risk as it is confronted by individuals business firms, other organizations, and society as a whole. If future research is successful and future instruction is effective, a lasting contribution to mankind will have been made."

Asked for an evaluation of the report, a former insurance teacher who now is a home office executive said: "It's all part of the present trend in

education that holds that unless a course is complicated and pseudo-mathematical it has no validity. Gone are the days when an instructor sat down with pupils and discussed what insurance is, what it does and how it works. Today, you don't dare be descriptive, or the dean throws out the course, the curriculum and the major in it. He has to. The 'foundations' scorn the descriptive. The Russians are reputed to be 'scientific,' so we must be. The relation of a subject to human beings, their problems, hopes and aspirations is the 'soft' line. We must be 'tough'—especially in flunking a high percentage of pupils who might be interested in what insurance does as contrasted to the mathematics of it."

"This is no criticism of the ARIA report. The foundation studies have put insurance curricula on the spot in a number of institutions. Majors in it have been abolished. Course offerings have been reduced. Some deans, after a look at the foundation reports, want to throw out the whole subject. ARIA is fighting not only to retain a place for insurance in the college curriculum but also to enlarge that place. You have dedicated men in the association. It is only too bad that you don't have among companies and associations an equal dedication to insurance education that gets them back of the insurance curriculum in fact as well as by lip. In support of that latter contention is the testimony of many an insurance instructor who will tell you that more than one 'college recruiter' has come to his campus and said he doesn't want a man who ever had an insurance course because such a course only confuses him."

"In my opinion, the business as a whole doesn't want insurance education (as contrasted with vocational training, which it ought to give for itself). If the business doesn't want it, why should the colleges? This is in marked contrast to the welcome and support that stock analysis courses (by whatever erudite name they are known in any particular curriculum) are initiated, encouraged and fought for by stock brokers and their organizations."

"The Wharton School hasn't been too panicked by the reports, but in general it is my opinion that the brightest hope of academic education in insurance is for the American College and the American Institute to establish a resident, degree-awarding curriculum—perhaps initially at the graduate level, but also at an undergraduate level if the present anti-insurance-instruction trend continues. It is my understanding that by charter the American College and American Institute can grant true degrees, as contrasted with the present certifications."

### Detroit Hospital Seeks To Prohibit Blue Cross

Redford General Hospital, Detroit, has asked Wayne County circuit court to prohibit Blue Cross (Michigan Hospital Service) from conducting further business in hospital services. The hospital sought a general injunction, claiming Blue Cross has been guilty of false advertising and promotion. Forfeiture of the Blue Cross charter also was asked in the bill of complaint, together with voiding of the statute under which it was organized.

The bill claimed that Blue Cross has refused to pay its subscribers and member hospitals for providing the services allegedly covered. Contracts

with various hospitals in Wayne County constitute a conspiracy on the part of Blue Cross and these institutions, it was charged, since they have "contracted together to limit hospital services, channel hospital services, fix and regulate the costs and prices of hospital services and merchandise."

The hospitals, through Blue Cross, it was further alleged, have "contracted to regulate prices to the public and subscribers of the hospital services and articles of merchandise used in connection with the services."

Clarence R. Charest, president of the board of Redford general hospital, said that after osteopathic physicians took over the hospital, Blue Cross accredited it on a non-participating basis, limiting payments to the hospital to \$15 daily per patient. He said that the hospital has uncollected fees of \$150,000, much of it attributable to Blue Cross. Blue Cross officials denied all charges and said the hospital did not meet qualifications for participation.

### Pension Trust Field Is Recommended To Missouri Agents At Fall Meeting

CAPE GIRARDEAU, Mo.—The pension trust field is a growth industry in every sense of the word, Thomas A. Repp, director of pension sales General American Life of St. Louis, declared in a talk here at the fall meeting of Missouri Assn. of Life Underwriters.

Mr. Repp said that new pension plans are being installed at a current rate of about 1,000 per month. This means, even with no increase in the production rate, that in the next five years the industry will write as many new pension cases as have been written to date in the entire history of pension plans in the United States.

In the past, many capable agents have ignored the pension field because of the so-called complexities of the plans, Mr. Repp declared. However, there is a significant modern trend toward simple, easy-to-understand formulas—which is appreciated by employers, employees and agents.

It is important for the agent to realize that the pension field is entering into an era where it will be good business for him; whereas in the past it has been a bonanza for only a small number of "experts."

### Kentucky Central Offers New Policies, Rate Book

Kentucky Central Life & Accident has introduced new weekly premium and ordinary policies and a rate book based on the 1958 commissioners standard ordinary mortality tables.

Among the new weekly premium plans being offered is a multiple security policy combining standard life with double and triple indemnity accidental death benefits, dismemberment benefits and disability premium waiver in a single contract at a flat premium rate. Several other policies have been introduced to provide a wider range of limited pay and endowment coverages for weekly premium policyholders.

A number of special policies are also being offered, including a "triple value savings" plan, mortgage cancellation policies and a family group plan, plus an enlarged selection of family income riders.

Gleaner Life reports Eugene G. Jellison, Ithaca, Mich., was top producing agent during October.



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*Deeper understanding of business, family, and individual situations.*

*Deeper reasoning power in solving financial problems.*

*Deeper instinct for discovering new uses and markets.*

*Deeper confidence in your ability as a life underwriter.*

*Deeper conviction of the nobility of your professional calling.*

## California-Western States Life Insurance Company

Home Office: Sacramento



## Zais Offers Plan To Eliminate NALU Politicking

(CONTINUED FROM PAGE 2)

as a national officer, nor as a national trustee, but who have been members of the National Council for a period of not less than three years prior to election to the nominating committee.

### Would Fulfill Aims

Will this type of nominating committee serve our professional aims? Will this type of committee seek out the best possible candidates for nomination? I think it will. In the first place, it will be a constantly changing committee, but certainly one which will have no axe to grind except to find the best possible candidates. But of greater importance, I feel, is that we now would have a committee so constituted that its objective would be to have the office seek the man rather than to have the problem of selecting candidates among men who seek the office.

It is all right to cry "don't deprive us of our democratic processes" (and I have a suggestion to take care of that consideration), but I contend that though our present system looks good on paper, it falls far from the mark in actual practice. And, let me show you why. How many first-time attendees make up the National Council at each convention? How many of these first-time delegates give more consideration to the best candidate, or do you think that they are swayed by the politicking or by the geographical considerations or by the company affiliations? I wonder.

### Provides For Power Balance

Well, how do we make provision for democratic balance of power? Easy. Include in the constitution a bylaw allowing a representative group of members (probably not less than 100 or 150) to submit in writing, but not less than 30 days prior to a national convention, the name or names of candidates to be nominated from the floor. Lacking receipt of this written petition, the nominating committee's slate of officers would then be automatically elected. This is the system used by MDRT.

But I'm sure this is not the only solution. I would think that the new special committee would want to investigate and study the election methods used not only by our allied associations, but also such organizations as the American Medical Assn., the American Bar Assn., the American Institute of Accounting, the Chamber of Commerce, etc.

These are my views. I do hope that something is done because I am firmly convinced that anything is better than what we now have.

## Average Longevity A Record 69.7 Years

Average life span in the United States reached an all-time high of 69.7 years in 1959 and appeared to maintain that level in 1960, according to statisticians of Metropolitan Life. This figure represents a gain of about one-third of a year over that for 1958.

Based on mortality figures for the general population in 1959, persons who were 22 years old had a life expectancy of an additional half century; at age 40, one-third of a century; and at age 50, one-quarter of a century.

Those who had attained the age of 69 could expect to live an average of 11.7 years more, the statisticians said.

White women in 1959 had a life expectancy at birth of 73.9 years, and nonwhite females 66.2 years. The life expectancy for males was notably lower: 67.3 years for whites and 60.9 years for nonwhites. The advantage for women over men, therefore, was 6.6 years for white females and 5.3 years for nonwhite females.

### Gain Slowing Down

The gain in average lifetime in recent years has been relatively smaller than in prior decades. From 1949 to 1959 the average life span rose 1.7 years, whereas it increased 4.3 years in the period 1939-49 and 6.6 years between 1929 and 1939.

Earlier improvements resulted largely from the control of infectious diseases. The slower gains in recent years are associated with the widespread outbreaks of respiratory disease and with the dominance of the chronic and degenerative diseases in the mortality picture.

"Further gains in longevity, therefore, will depend largely on the success of efforts to prevent or postpone the onset of the chronic diseases, as well as on advances in the treatment of these diseases," the statisticians said.

## One Of Nine Death Benefits Paid In '60 Was On Credit Policy

Every ninth death payment made by life companies in 1960 was under a credit life policy, although in aggregate amount of death payments, credit policies accounted for only 4% of total death benefits, according to Institute of Life Insurance.

Last year, credit life benefits reached a record high of \$140 million paid out under 224,000 policies and certificates.

The volume of loans covered by credit life at the start of the year totaled \$31 billion under 43,479,000 policies and certificates, a 17% increase. The average amount held per policy or certificate was \$720. While representing only about 5% of life insurance in force, credit life insurance has shown the greatest rate of increase among the four major types.

About 82% or 25 billion of credit life insurance in force was under group contracts. Individual credit life policies written through lending offices accounted for \$5.5 billion. Neither of these figures includes insurance written for policyholders individually to cover loans or debts.

"This amount of protection has a major stabilizing effect on the nation's consumer debt which totaled over \$150 billion at the beginning of this year. While the amount of debt has been increasing, it is the result of the participation of more families in consumer installment buying rather than particular segments of our population going deeper into debt," the institute noted.

### Quincy Agents Discuss Methods

Quincy (Ill.) Life Underwriters Assn. at its October luncheon had a discussion of sales methods. Discussion leaders were Gilbert L. Fauble, Massachusetts Mutual Life; Roger Z. Shelts, Loyal Protective Life; Donald B. Thomas, Indianapolis Life; Harold A. Young, Metropolitan Life, and Donald J. Robertson, Business Men's Assurance, vice-president and program chairman of the association.

## Painting Presented To Press Photographers

As a tribute to the work of the White House Press Correspondents Assn., a painting characterizing the American newspaper reporter is presented by John Hancock to association officers. Making the presentation is Gerhard D. Bleicken, senior vice-president of John Hancock, right. From left are William H. Y. Knighton Jr., Baltimore Sun, president of the association; Garnett D. Horner, Washington Evening Star, secretary, and Merriman Smith, United Press International, member of the executive committee. The painting by illustrator Austin Briggs is one of a series commissioned by John Hancock to honor individuals and institutions that have contributed to the American way of life.



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Your prospect's already aware of the employee's side but, he'll be anxious to know what benefits accrue to himself and his business. Increased ability to attract and hold key personnel; important tax advantages, are two key points in the convincing story you'll tell.

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## ON HORNS OF MANY DILEMMAS

# Plight Of Misunderstood Agency V-P Explored At LIAMA Meeting

There is probably no more misunderstood, lonelier man in the life insurance operational set-up than the agency vice-president, Kenneth L. Anderson, executive vice-president of Research & Review Service, told the annual meeting of LIAMA at Chicago.

Mr. Anderson, who was with Union Mutual Life as vice-president and manager of agencies from 1953 to 1954, spoke from experience when he said, "Agency vice-presidents are always on the horns of the worst dilemmas you can imagine."

Dilemma number one, according to



Kenneth L. Anderson

Mr. Anderson, is the change the man undergoes as soon as he is made an agency vice-president. If he is promoted from the ranks of managers he is in the position of having to defend principles and practices which he had formerly criticized along with his fellow general agents or managers. If he doesn't come up from the ranks of the field the situation is even worse—he is immediately suspected of not knowing his job.

"Dilemma number two stems from his relations with his subordinates in the home office. Usually he tries to bring into the home office competent people of his own choosing whom he wishes to compensate in line with their capabilities and the job he expects them to do. But he knows that just as soon as it gets nosed around that he has established a new salary scale, his fellow department heads are

going to complain that their number two and three men should be paid commensurately.

The agency vice-president then must either incur the displeasure of his own men because he can't pay them what they know they are worth or he must live with the jealousies of his fellow company officers.

The third dilemma is a corollary of number two, he said. The agency vice-president wants to bring to the home office a talented young man as a future replacement for himself. As soon as he does this, every man in the department thinks HE should be the fair-haired boy. The agency vice-president then has to bend over backwards not to show special interest in this hand-picked candidate.

## Money Demands

The fourth dilemma has to do with the constant money demands made by the field—new policies, lower net cost, more liberal financing, etc.

"The agency vice-president is sympathetic to many of these requests. He is sales-minded also and he will do everything he can, within reason, to promote business. But just as soon as he does, along comes the budget committee, looking down its nose at rising acquisition costs. The budget committee has been known to cut the legs right out from under many an enthusiastic agency vice-president."

Another dilemma involves the agency vice-president proudly presenting his board of directors with an increase in business for the quarter. Someone on the board invariably points out that other businesses are up a larger percentage and asks why this company is lagging behind.

## President's Displeasure

The sixth dilemma comes to the agency vice-president who is institutionally minded. He realizes his company is not an island and not only should he contribute to this business by participating in institutional work, but he also can gain a lot from it which will benefit his own operations. In an effort to fulfill his responsibility and please those who constantly bedevil him to serve on committees, he becomes so involved that he incurs the displeasure of his president.

Mr. Anderson warned that these dilemmas take a heavy toll and are largely responsible for the high rate of vice-presidential turnover. He said there are many books written on how to succeed in selling and on how to manage an agency, but there is nothing written which tells how to be a successful agency vice-president.

## Types of Agency V-Ps

Mr. Anderson described eight different types of agency vice-presidents, assuring his listeners that his list did not include all agency vice-presidents, by any means.

The first agency vice-president is a job-misunderstander.

"He has no concept of his job except its staff functions. He simply loves paper work. The more reports he can find on his desk each morning, the brighter the day. And he is never happier than when he is issuing communiques to the field.

"If this man only realized that he had a line job as well as staff, he wouldn't shuffle so many papers, but would provide some actual field leadership. Managers and general agents want their vice-presidents to be commanding men, capable not only of telling them what to do but showing them how to do it, and making sure that they know how."

Mr. Anderson suggested that this

can't be done with reports and communiques, but can only be accomplished through drills in fundamentals, well-planned management meetings, field visits, new, imaginative ideas which can ignite the field forces.

Then there's the loose visitor.

"He knows his line responsibilities but he has two unfortunate habits. He doesn't get out among his agencies often enough. He constantly sends a junior member of his staff and this causes something of a continuing disappointment to field management."

Mr. Anderson said he realized that the vice-president of a large number of agencies can't visit all of them in a year, but he can visit them on special occasions. When he does send the junior members he should be sure they have something to do and say.

A vague order-giver is the third type of vice-president. This man gives important, vague orders without explanation, which merely confuses the subordinate whose task it is to carry them out.

The truth distorter came under fire from Mr. Anderson.

"He is not really dishonest. He just

## Movie Tells What It Would Be Like Sans Insurance Business

Insurance Information Office of Connecticut has issued a new 16 mm movie which describes what the state would be like without the insurance business. A distinguished audience, which included Gov. Dempsey, Commissioner Alfred N. Premo, Education Commissioner W. J. Sanders, and insurance executives and civic leaders attended a premiere showing.

The motion picture, produced by Bay State Farm Productions, is a fable that follows the adventures of a little boy with a magic bottle who wishes the insurance industry out of existence.

Gov. Dempsey said after the presentation that the movie's important message is that the insurance business is concerned with people. "I am delighted that the insurance companies are playing an active and a daily role in making Connecticut a better place to live," he declared.

The governor was introduced by Henry S. Beers, president of Aetna Life group and chairman of the executive committee of the information office. Mr. Beers expressed the hope that the audience would like the "somewhat light-hearted, whimsical approach to information and education on insurance."

The new film will be available for general distribution throughout Connecticut.

Among the guests at the premiere showing was Dr. Arthur Goldberg, vice-president of the E. O. Smith School at University of Connecticut, who has written both a teacher guide and a text for pupils on the functions and the history of insurance, which will be distributed free to schools which schedule the film for classroom use.

## Interest Rates Boosted To 3¾% By Aetna Life

Aetna Life has increased to 3¾% the interest rate on dividend accumulations from participating policies and on funds from both par and non-par policies left with the company to accumulate in 1962. The interest rate was 3½%. The increase was the third such boost in the past four years.

Aetna Life has also allocated \$7.2 million for dividend payments in 1962.

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HAR



doesn't quite tell the whole truth."

For example, in explaining a general agent's contract to a young applicant, the vice-president doesn't tell the full story unless he is forced to do so.

"He would command so much more respect if he would lay all the cards on the table the first time."

Number five is a peculiar philosopher. He has been heard to say that his principal job is to get along with his president.

"Most presidents hire vice-presidents because they have proved to have not only ideas of their own but also the courage of their convictions. It is these characteristics which make them valuable to the company and the wise presidents know this and don't want to see that value lost."

The sixth unfortunate agency vice-president is a research-ignorant. This man knows that LIAMA, for example, has produced research findings which can help him in making decisions, but he ignores these facts and makes his decisions blindly.

An inveterate meeting caller is the seventh type.

"He has no realization that many of

the meetings he calls are, in reality, an invasion of the privacy of the people in his department who may be working on special assignments. Conferences should be held only when the problems they are designed to solve cannot be handled by a single individual."

And finally there is the man who operates a ministry of confusion.

"He keeps his field managers off balance. He keeps his department in a constant state of turmoil. Much of this confusion stems, perhaps, from the fact that he doesn't make optimum use of his associates in the agency department. He tries to do everything himself. He has men with a wide variety of talents under him but he neither attempts to build on their strengths nor to draw on their built-in idea factories."

"The result is sales management by personal whim. The vice-president's decisions, not based on adequate facts which are his for the asking from his department members, keep changing 180 degrees at a time."

"In the light of all this, why does anybody want to be an agency vice-president? I'll tell you why. Despite all its problems and vexations, this is a demanding job, an exciting job, a rewarding job. There are few positions in the business world which require so high a degree of excellence, which furnish more sheer drama, which can provide so much personal gratification. And there are certain kinds of men who find their greatest fulfillment in the ever-changing atmosphere of an agency vice-presidency."

### Arthur Daniels Attends French Company Meet

Arthur C. Daniels, vice-president of Institute of Life Insurance, has left for Europe to represent the institute and American life insurance associations at the 10th anniversary meeting in Paris of Comite d'Action pour la Productivite dans l'Assurance.

CAPA is the French association for agency and office management studies for companies writing all lines of insurance. It is patterned after LIAMA and Life Office Management Assn. in this country. It is also similar to the institute to the extent that it guides the public relations activities of member companies with their agents and employees.

The organization was formed in 1951 and Mr. Daniels was one of five U.S. representatives of American life associations who explained U.S. insurance methods at their first annual meeting. CAPA was created as a result of a study of the insurance business in the U.S. by a group of French insurance executives who came here under the auspices of the Marshall plan.

En route to the Paris meeting, Mr. Daniels will visit in London with Life Offices' Assn., Industrial Life Offices' Assn. and British Insurance Assn. Each of these three organizations has a public relations program, the first two for life insurance only and the latter for all lines of insurance.

### N.J. Agents Sales Caravan Scheduled For Haddonfield And Princeton, Nov. 29-30

The sales caravan of New Jersey Life Underwriters Assn. has been scheduled for two cities—the Cherry Hill Inn, Haddonfield, Nov. 29, and the Nassau Inn, Princeton, Nov. 30.

Speakers and title of their addresses will be E. Leslie Ross, superintendent of agencies of John Hancock, "Put-

ting It Bluntly," Mary C. McKeon, manager of Prudential at Montclair, "The Woman in the Picture," Loran E. Powell, managing director of Life Underwriter Training Council, "Creative Selling," and Darrell E. Eichhoff, 3d vice-president in charge of Metropolitan Life's sales promotion department, "Revolution Or Evolution?"

Illinois Mid-Continent Life has been admitted to Pennsylvania, Iowa and Colorado, bringing the number of states in which it is licensed to 16.

### New Companies In Minn.

Diversified Equity Life, subsidiary of Diversified Equities, has been licensed in Minnesota. The life company used a 20-pay coverage as the qualifying policy. Already in effect is \$307,000 of coverage.

Another new company is United Capital Life, which has been acquired by United Investors Corp. through the purchase of 100,000 shares. George J. Pratt, life broker in the Twin Cities, is head of United Capital Life, which has home offices in Minneapolis.

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RESERVED  
A PIECE OF REAL ESTATE  
for the  
RIGHT MAN!**



If you are successful, with a real desire to further your career, a General Agency territory with Protective Life may provide an opportunity you do not have now.

Protective Life offers you an opportunity to utilize your personal production abilities and at the same time transfer your experience and knowledge to others.

Also, with Protective Life, you have the advantages of:

- Supervisory assistance and advanced training for your agents.
- Flexible advertising and promotion programs which can be tailored to fit your particular situation.
- Field-tested, competitive "merchandise" on all forms of Ordinary Life policies, both Par and Non-Par, and on all types of Group Insurance.

Get all the facts concerning a Protective Life General Agency career. Write to C. M. Barricklow, Agency Vice-President.



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INSURANCE COMPANY**

*William J. Rindler, President*  
**BIRMINGHAM, ALABAMA**

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**HARLEY N. BRUCE & ASSOCIATES**  
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Consulting Actuaries  
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Bourse Building Philadelphia 6, Pa.

**W. MURDOCH STEWART, F.S.A.**  
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INSURANCE—PENSIONS  
201 North Wells Street  
Chicago 6, Illinois  
Telephone: Central 4-6556

**HARRY S. TRESSEL & ASSOCIATES**  
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Insurance—Pensions  
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Chicago 3, Illinois  
FRanklin 2-4080

## Union Central Quotes Providence Assn.'s Warning On Replacements

The fall issue of the *Union Central Advocate*, which goes to policyholders, contains a warning by President John A. Lloyd headed "Don't Let a 'Twister' Swindle You on Your Life Insurance." Calling replacement a "promoted fad," Mr. Lloyd points out the dangers of it and then quotes a statement issued by Providence Life Underwriters Assn. that Mr. Lloyd termed "one of the best statements on this subject that has been issued." It reads:



John A. Lloyd

The board of directors is deeply concerned with the trend of recommending the surrender of existing permanent life insurance and/or recommending the exercise of paid-up insurance options in conjunction with

the proposed sale of new life insurance. This trend has included such advice as discontinuance of premiums, maximum loans, and exercise of non-forfeiture privileges.

We recommend the ownership of permanent life insurance, where cash values and paid-up values increase each year since that is the basic principle underlying legal reserve life insurance in the United States. Permanent life insurance is flexible property which is adaptable to the ever changing needs of the policy-owner. The public acceptance of life insurance has been built upon these guarantees.

We do approve of the use of term insurance where the need is temporary or the policy-owner cannot at the time afford the higher premium for permanent insurance. But we recommend the acquisition of permanent life insurance in lieu of the term insurance at the earliest possible moment.

We recommend the purchase of ad-

ditional insurance to cover needs and agree that there are situations where an agent in good conscience may recommend that existing permanent insurance should be changed to a lower premium permanent plan but at the original age of issue and in the full amount.

The board condemns the indiscriminate practice of those who attempt to sell new insurance by replacing existing permanent insurance, whether such replacements are by surrender for cash, by policy or premium loan, or by request for paid-up or extended insurance. Such replacements are almost always to the advantage of the agent and at the expense of the policy-owner and it is suggested that the policy-owner contact his original company or companies before he takes action.

The life insurance business by its very nature is interested in the sale of new insurance, but not at the expense of existing permanent insurance or on any basis where it adds unnecessary costs to the policy-owner.

### Loyal American Life To Spin Off 82% Of Hamilton Life Of N.Y.

Subject to the approval of stockholders, Loyal American Life of Mobile will spin off 82% of the stock of Hamilton Life of New York, its wholly-owned subsidiary. Approximately 164,000 shares of Hamilton's 200,000 shares outstanding will be divided pro rata among the stockholders of Loyal American, of whom Reinsurance Investment Corp. of New York is the largest with about 40%.

At the same time 25,000 shares of Hamilton will be sold for \$6 per share to Investors Planning Corp., a mutual fund distributing organization, and to Reinsurance Investment Corp. Since Hamilton has never been on the market, the \$6 represents the approximate value of the company's insurance in force plus capital and surplus. Loyal American has been carrying these shares at \$5.

The remaining 11,000 shares will be retained by Loyal American for investment purposes.

Otto Marx Jr., chairman of Loyal American, told *The National Underwriter* that Hamilton's active writing of new business would probably make some kind of stock offering, either public or private, necessary in the next 12 months.

"Loyal American will no longer have to supply the needed surplus, and Hamilton will now stand on its own feet," Mr. Marx said, adding that the move had been contemplated for some time.

The sale of 25,000 shares will have the effect of fixing the value of the spun off shares for tax purposes, and will replenish Loyal American surplus, diminished by the loss of Hamilton.

Reinsurance Investment Corp. is one of the small handful of insurance companies not traded over-the-counter. It is listed on the American Exchange.

### Phoenix Mutual Life's New Annuity Plan Tailored To Under-25-Member Groups

Phoenix Mutual Life has introduced an annuity plan for groups of less than 25 employees. The plan requires no trust agreement or individual contracts for each employee, thus eliminating much initial and continuing ex-

pense.

Among the advantages of the new contract listed by Phoenix Mutual are: —The plan is simple to explain to employees.

—High initial death benefits such as those provided under individual policies, and which may not be considered necessary, are eliminated, thus further reducing the cost.

—The plan is flexible enough to be amended in the future to meet a client's changing needs.

—If the employee dies before retirement, the plan eliminates the customary risk of loss of employer contributions since these, plus interest, are returned as a credit upon employee's death.

### Aetna Life Broadens Employee Health Cover

Aetna Life group is adopting a broadened health coverage program for its employees, including one of the nation's first group dental plans.

The program features comprehensive protection with medical expenses up to \$20,000 each for the employee and his dependents. Dental coverage provides up to 60% of the annual expenses, subject to a small deductible, with limits of \$1,000.

Medical expense coverage pays up to \$1,200 for hospital room and board, plus 80% of any excess. It then lumps together a wide variety of other expenses, with 80% of these expenses again being paid after a deductible. The program also provides for doubling the maximum benefits of medical expense for retired employees.

On the average, a claim resulting from hospital confinement would mean 19% less cost to the employee than under the old plan. An employee with an average claim, not involving hospital confinement, would pay 33% less.

### Nw National Has Record October

Sales of new life insurance by Northwestern National Life set a new high mark for the company in October. New business for the month totaled \$29,354,000, topping by more than \$800,000 the company's previous high set in October 1958. Sales of A&S insurance also established a record for the company. A total of 388 applications for A&S insurance were submitted, more than in any other previous month since the company went into the individual A&S field two years ago.



The retiring president of Life Office Management Assn. receives a plaque in recognition of his services: Merrill R. Tabor (left), 1st vice-president and secretary of Berkshire Life, and Harold P. Stebbins, vice-president and secretary of Bankers Life of Nebraska and chairman of the nominating committee. Photo taken at the annual meeting of LOMA at Washington.

## Be a Jump Ahead...



## with the State Life

The vibrant enthusiasm that comes from being associated with a company that's always a "jump ahead" can be yours... if you're interested in reaping benefits derived from managing an agency of your own. It's a contagious enthusiasm that emanates from a friendly, co-operative home office offering ALL the elements that make for a happy, profitable agency relationship. State Life's vigorous program of agency building encompasses a contract that's unsurpassed. Excellent opportunities available in many states... so, write today for all the facts—no obligation.

DIHL H. LUCUS

Vice-President and Director of Agencies

# The STATE LIFE Insurance Company

## Indianapolis

A MUTUAL COMPANY FOUNDED 1894



## Phoenix Mutual Gives Replacement Rules

(CONTINUED FROM PAGE 15)

part of a very small minority—is the objective for all that the best interest of our clients be served.

You must be responsible for the applicant's understanding of and answer to the question on the application on "discontinuance," and for the necessity of meeting state or company requirements by use of the required procedures. When license or contract status is at stake, no man can afford to take chances.

"We recognize that considerable work is required in these procedures, but their use will help protect your own business, or, in the reverse circumstances, assure the validity of your recommendations on any replacement you propose.

### Procedure Effective At Once

Several copies are enclosed. Others are available at your agency. Their use begins at once. We will not be able to proceed with issue of any case where replacement is involved unless accompanied by the information required.

We are sure that you will be in accord with the spirit and the intent of these steps for the good of the whole.

Following is a condensed description of the appraisal form referred to in Mr. Stone's letter:

The appraisal form requires such information as the company name, issue date, the amount (if either the new or old policy has non-level insurance, this must be averaged). Then follow the more detailed points of the policies:

—Sum of premiums and loan interest for the period shown, less dividends based on current schedules. The amount of premiums and loan interest in the new policy column is after deduction of interest on the surrender value of the old insurance. There is also an instruction: "Under 'new,' credit interest on surrender value of old at old interest rate after tax."

—Cash value less loan and interest at the end of the period shown, including dividends if accumulated or the cash value of dividends if it increases insurance. (In the case of the old insurance, this is after deduction of the present surrender value.) Periods to be shown are five and 10 years from now and 20 years from the issue date of the old policy. A direction specifies: "Under old, show increase for period."

—Net cost per year per \$1,000 for the period shown (same periods as above). Direction: "For non-level insurance, show net cost per year per \$1,000 of average amount for the period."

—If required by state regulation, net premium at present age plus life expectancy per \$1,000 of proceeds, also the increase in cash value for the year at that age.

### Must Show Paid-Up Values

—Amount of paid-up insurance available five, 10 and 20 years from now and at present age plus life expectancy.

—When does policy become inconceivable? When is suicide covered for the full amount?

—Settlement options: Guaranteed monthly income per \$1,000 fixed time 10 years; life income 10 years certain, male, and life income 10 years certain, female, both at age 65.

—Does policy have double indemnity for accidental death? Disability waiver? Amount of monthly disability in-

come if any? Conversion features if any? Other considerations for comparison?

There are also spaces for stating objectives of replacement, advantages of replacement, disadvantages of replacement and reasons recommended.

On the appraisal form is also this statement, headed "For Attention of Phoenix Mutual Client":

"This form is designed for your protection. Various state insurance department regulations make it mandatory that comparison between existing life insurance policies and any proposed new insurance must be complete. Severe penalties for violation of these regulations, including revocation of license to act as agent, are provided because, in general, few, if any, policyholders are benefited over-all by replacing existing policies.

"The burden of proof lies on the agent making the proposal. It is recommended that you require that the agent making any such proposal include all of the points outlined on the reverse side of this form in a complete comparison before you give up any existing insurance in this or any other company. Failure to comply might leave him legally vulnerable. Not all policies will include all points listed; some policies may have characteristics not listed. If certain points are not covered, or others added, make sure you receive valid reasons. Copies of this form, together with supplementary explanation, may be sent to the home offices of both companies with request for comment and analysis."

### One-Sixth Of Benefits Taken As Income; Lump Sum Most Popular Form

Approximately one-sixth of life insurance benefits under ordinary and group policies in 1961 are being paid as income rather than as a lump sum, according to Institute of Life Insurance.

Nearly \$1 billion in life insurance benefits will be paid out as income this year, bringing to over \$8 billion the amount paid out as income from life insurance policy proceeds over the past 10 years.

"Lump sum payment under life insurance policies continues to hold its position as the most common means of settlement," said the institute. "The needs of families for immediate cash and the many specific uses of life insurance to protect mortgages, business interests, tax payments and other family needs, require the payment of the full policy value in one sum. However, American families are increasingly electing income options to govern the payment of policy proceeds."

At the start of this year, American families had a total of \$7.4 billion of policy proceeds earning interest with life companies and available for payment under income arrangements, an amount one-third larger than that set aside 10 years ago.

### Conn. General Position On Regulation Was Misstated

The article in last week's issue quoting testimony of Buist M. Anderson, vice-president and counsel of Connecticut General, before the New York legislature's committee on insurance rates and regulation, made it appear, by the inadvertent omission of several lines of copy, that Connecticut General wouldn't mind having federal

regulation.

Actually, Mr. Anderson was criticizing national regulation, saying, "We do not want to see life insurance companies placed in a regulatory strait-jacket—hamstrung as are the railroads. For this reason we do not want national regulation of insurance, whether it be administered from Washington or from Albany."

### Central Iowa Health Men Hold Annual Sales Meet

Central Iowa Assn. of Health Underwriters held its annual sales congress in Des Moines. Paul Klein, president of the international association, was the featured speaker.

Other speakers included William Gove, formerly with Minnesota Mining & Manufacturing company. William Welch Jr., accident department secretary Connecticut General; S. L. Horman, vice-president and director of agencies Time, Milwaukee; James E. Barrett, vice-president Mutual of Omaha; and George J. McArdle, Cook County general agent All-American Life & Casualty.

A. Edward Rose of Pella, Ia., re-

gional superintendent Illinois Mutual Life & Casualty, has been elected president of the association; Bernard Kirke general agency manager of Continental Assurance, vice-president, and Ward L. Goehring, general agent All-American Life & Casualty, treasurer.

### Pacific Mutual Coverage Changes

Pacific Mutual Life has reduced rates on its guaranteed renewable executive policy 15%. Other changes include the following:

—Coverage under the policy has been liberalized to provide lifetime indemnity for accidents, while retaining age 65 limit for sickness benefits.

—A new security policy will provide lifetime indemnity for accidents with 24 months indemnity for sickness, plus one-half monthly indemnity to age 65 for sickness disability continuing beyond 24 months.

—A new accidental death and dismemberment rider will be available with all income protection policies. A feature of the rider is a double indemnity benefit on all accidents occurring while a passenger is on a common carrier, including aircraft, anywhere in the world.

### SALES POWERED BY



## NON-CAN HEALTH INSURANCE ISSUE LIMITS LIBERALIZED

For added sales appeal, here are further liberalizations in our individual Non-Can Health Insurance policies:

- ▶ 10-Year and Disability to 65 policies, issue limits up from \$400 to \$500/mo.
- ▶ Maximum participation all companies from \$900 to \$1,000/month (must include \$200/mo. short term disability income).
- ▶ Non medical maximums on 1, 2, 5 yr. disability income policies up from \$250 to \$300/mo. (applicants for 5-year policies over age 50 need exam).

For additional details on State Mutual's liberal health plans — part of our unique Planned Living Sales Approach — see your nearest State Mutual office. Or, write us here in Worcester, Massachusetts.



## STATE MUTUAL OF AMERICA

State Mutual Life Assurance Company of America, Worcester, Massachusetts

## WANT ADS

Rates—\$25 per inch per insertion—1 inch minimum—sold in units of half-inches. Limit—40 words per inch. Deadline 4 P.M. Friday of week before publication in Chicago office—175 W. Jackson Blvd. Individuals placing "Situation Wanted" ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER—LIFE EDITION

# GENERAL AGENCY OPPORTUNITIES IN COLORADO, VIRGINIA OR KENTUCKY

The men who head our Commercial Division general agencies can tell you what it means to get an opportunity like this—to be the one who heads our expansion into a new state.

Here are the key factors in this assured success:

1. Your ability to provide and train an active productive sales force
2. Your desire to match our ambitions and energy with your own
3. Our modern, sales-building coverage: Life, sickness and accident, hospitalization . . . with exciting features at realistic rates
4. Our compensation plan: a top-commission contract with strong vested rights
5. Our agency co-op and lead-producing programs, which get men into production fast and profitably

If you would like to talk "futures" with this 48-year-old mutual legal reserve life insurance company (licensed in all 50 states), this interview can be arranged—immediately, and in complete confidence. Please write (in complete detail) to:

**John H. Lumley, President**  
**Benefit Association of Railway Employees**

901 Montrose Avenue

Chicago 13, Illinois

## ACCOUNTANT

A growing Western Company has need for a young man who is familiar with Life Insurance accounting and the annual statement—who is seeking an opportunity for advancement—to head up its Accounting Department. Should have some knowledge of IBM procedure. Need not know IBM machine operations. This Company just moved into a beautiful, new home office building. Retirement, sick leave, and insurance benefits. Write B-91, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

## HOME OFFICE GROUP SALES OPPORTUNITY

Upper Midwest multiple line life company with over one billion dollars insurance in force has outstanding offer and unlimited opportunity for a qualified young man in the group life and group sickness and accident sales and service field. Exceptional opportunity for growth and development. Salary commensurate with experience and progress. Full welfare and fringe benefits. Submit complete personal resume, including education, marital status and experience. All replies will be held in strictest confidence. Write B-82, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

**SUCCESSFUL GENERAL AGENT or ASSISTANT GENERAL AGENT**, who can sell, hire and train agents. One who has a proven record of success, selling 20 pay with coupon or similar special policies, needed as agency director for sound, aggressive, Arizona, full legal reserve life insurance company. Compensation commensurate with experience and results. Reply: President, P.O. Box 7143, Phoenix 12, Arizona.

## ACTUARY

for consulting firm in East. Give background, experience, salary desired. Membership, if any, in Actuarial Societies. All replies confidential. Write B-97, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

## GROUP REPRESENTATIVE-BOSTON

Expansion of our Boston Group Office creates an opportunity for a young Group Salesman. Highly competitive products and good growth opportunities in medium-size New England life company. Requires 1-3 years Group Sales experience. Salary plus bonus. Liberal benefits. Send detailed resume to C-7, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

## ACCIDENT & HEALTH MANAGER

A major national group now writing property and casualty and life coverages seeks a man to organize and develop an A & H Department. Applicant should have a background in sales, underwriting and claims with successful company. Assignment will be at the home offices located on the West Coast. Outstanding opportunity for the right man. Please send complete details in confidence to C-4, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

## Supervision Needed At The Home Office Too, LIAMA Is Told

It has often been said that supervision is the forgotten function in the job of the local manager or general agent; could it be that the value of supervision is also being overlooked at the home office level?

This question was asked by John J. Plumb, vice-president and director of agencies of Paul Revere Life, at the annual meeting of LIAMA at Chicago.

"As we all anticipate the need for more effective merchandising in the years ahead, it would be timely to ask ourselves these questions," he said.

- (1) Are we getting maximum results from our investment in education?
- (2) Have some of us lived in the false hope that educational courses, com-

bined with better methods of selecting agents, would represent the complete answer to our needs for manpower, production and quality? (3) Have some of us forgotten that the end result of education is intelligent action, that in our business applied knowledge is the only thing that counts? Have we confused our job of professional salesman—which requires seeking out the public—with the professions of doctor, lawyer or accountant, where the public comes to him?

"We have demonstrated great capacity to educate, but are we doing the best possible job in putting this education to work to produce more and better results? That, in my opinion, is one of the biggest challenges of the future for those of us with agency responsibilities. It is a challenge that requires, from the agency executive, the ability to influence business associates, not only to use their capacities, but to use them regularly week in and week out.

### Needs Complete Understanding

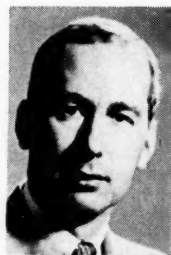
"It is a challenge that will require a complete understanding of the philosophy embodied in the words: To understand what you see is one thing; to learn from what you understand is something else, but to act on what you learn is all that really matters.

"On the assumption that a sound program for meeting this challenge of action starts from the top, i. e., in the home office agency department staff, I would like to make two points:

"First, the management function that can do a great deal toward translating knowledge into action is the function we know as supervision. But how many of us in top agency positions have really accepted supervision as a part of our continuing responsibility to our agency department associates? It is possible that having surrounded ourselves with directors of agencies and staff specialists, we have assumed that such high levels do not need or require our personal supervision? If we, as agency heads, have eliminated this function from our own job description, could it be that we have forgotten that while there may be differences in the amount required, supervision is required at all levels? Have we forgotten that the reasons for supervision are rooted in the breakdowns of human nature and in the inherent characteristic of a sales management job, which is that we are constantly distracted and pulled in different directions almost at the same time?

"My second point is that if we can obtain agreement that some amount of supervision is necessary regardless of job level, then the function of supervision by the agency head must be reduced to a definite system or process."

The remainder of Mr. Plumb's talk was a point-by-point discussion of what needs to be done to implement such a program as he described.



John J. Plumb

## WANTED SUPERINTENDENT OF AGENCIES NORTHWEST

A top producer who knows how to recruit, train and supervise general agents. By one of the most progressive, fastest growing life insurance companies in America. Complete policy portfolio. Backed by 40 year old parent corporation with assets of \$540 million. Home Office Los Angeles.

Prefer present resident of Oregon or Washington state. Age 30 to 45. At least 6 years of life insurance experience, part in sales management.

Salary commensurate with experience. Profit sharing, retirement and insurance plans, car and expenses.

Send resume in confidence to:

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Vice President and Director of Sales  
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## V-P & DIRECTOR OF AGENCIES (LIFE)

Rapidly growing midwestern stock life insurance company has opportunity for aggressive man under 45 with history of success in individual life production and field management. Great potential for growth. Position available about January 1. Send complete resume to C-11, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

## INSURANCE EXECUTIVE Pacific Northwest

Well estab. & progressive broker wants man to head up life insurance group to handle large scale retirement plans for top executives in industrial & commercial cos. \$9-\$11,000. Send resume or write for application. Confidential.  
**HARRISON PERSONNEL SERVICE**  
220 S. State St. Chicago 4, Ill.

## Tri-State Actuarial Meet

Actuaries of Indiana, Kentucky, and Ohio held their annual meeting recently in Cincinnati. About 90 actuaries discussed a series of topics ranging from a new table of mortality to the problems of life company expenses and the application of electronic data processing equipment to actuarial problems. In addition to a discussion covering ordinary insurance, there was a special session on group.

Wilmer A. Jenkins, president elect Society of Actuaries, was the after dinner speaker. He analyzed current problems facing the society.



## Speakers List Set For Life Counsel's Annual In New York

The speakers list has been completed for the annual meeting of Assn. of Life Insurance Counsel at the Waldorf-Astoria Hotel in New York, Dec. 11-12.

The speakers, not necessarily in the order listed, on Monday will include Howard E. Thomas, Equitable Society, with a talk titled "Federal Tax Liens—Their Priority Basis and Effects on Foreclosure Proceedings—Recent Developments," Robert A. Chrichton, attorney of Charleston, W. Va., discussing the life insurance law of West Virginia, and William L. Wilkinson, Connecticut General, and Richard L. Denney, CPA and tax manager of Lybrand, Ross Bros. & Montgomery of Hartford, who will cover the subject of depreciation for life companies.

Also on Monday, James N. Cunningham, Crown Life, will moderate a panel on replacement. Panel participants and their subjects will be Clarence L. Peterson, Union Central Life, present and prospective state legislation and regulation; John Barker Jr., New England Life, the field man's responsibilities; Donald S. MacNaughton, Prudential, home office responsibilities and problems, and Mr. Cunningham, discussing the Canadian situation.

On Tuesday, Francis J. McCarthy, Travelers, will give a speech titled "Private Lives: A Play for Stakes." Charles G. Powell Jr., Jefferson Standard Life, will offer some observations on taxation of deferred compensation contracts and split dollar insurance. W. Douglas Bell, State Mutual Life, will discuss expense compensation in the light of recent litigation.

There will also be an address by Judge W. E. Burger of the District of Columbia circuit court of appeals.

## 'Seat Of The Pants' Methods Are No Longer Possible, O'Leary Says

Because of growing competitive pressures in today's economy, over the years, many life insurance companies which have operated by a "seat of the pants" technique rather than under a formal expense control program are now being forced to establish sound systems of expense analysis, budgeting and cost control.

This view was expressed by George F. O'Leary, 2nd vice-president, planning and operations research, Northwestern National Life, in addressing Life Office Management Assn.'s annual conference at Washington, D. C.

Since 1956, Northwestern National has been building a program which is enabling its management to predict its future and control its activities in all areas, including expenses, to the point where the attainment of forecasts is almost assured," he said.

According to Mr. O'Leary, any company, regardless of size, can develop an effective system of this kind by studying and understanding its management's philosophy, including its long and short range goals; developing an effective means of expense analysis and control; developing a system of complete financial forecasting, and developing expense budgets and forecasts which will place proper financial responsibility upon the various levels of management.

## Says Computers Can Perform Some Basic Underwriting Tasks

(CONTINUED FROM PAGE 20)

dress, owner, agents, plan, rider, features, premium breakdown and miscellaneous data for use in analyzing the case. It will also contain two lists of message codes to indicate any discrepancies found by the computer. These codes will be interpreted by the underwriter or a clerk in the issue department. Underwriting items are listed separately from those which can be handled by clerical help.

### Used For Approval

The bottom portion of the application sheet will be used for underwriting approval. Here the underwriter will circle one of six final action possibilities. If the action is approved with any change from the computer printing on this sheet, the change will be indicated in the appropriate space across the bottom of the page. This method of indicating approval has been developed to allow key punching and key verifying directly from the approval with no intermediate step of interpretation or coding for the computer. The company hopes in this way to eliminate some clerical errors.

The approval card, or cards, will enter the computer to trigger the issue routine. Changes will be assimilated and premiums recalculated if necessary. The policy date and delivery period will be assigned, policy form numbers selected, and another analysis will check issue rules. For instance, if a term plan cannot be rated over 150%, the computer will not allow such approval.

A policy data page will be produced, containing all of the variable information which must be included. This page will be combined with the others to make the finished policy. The only manual typing necessary will be for special endorsements or amendments to the original application.

### Will Print Master

The computer will also print a master for an offset printing machine which will produce record card and the file holder for each case.

Mr. Stockton predicted that more companies will be doing basic underwriting by machine in the future. Most companies have many other areas—policy issue, cash value, quotations, policy loans, terminations and surrenders, for example—that need mechanization. Many of these areas will be approached before any attempt is made to automate underwriting, he pointed out.

The computer can be a helpful tool for the underwriter even though it is not doing the basic underwriting, Mr. Stockton maintained. He mentioned one of the largest companies in the country, which has recently installed a completely mechanized policy issue

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procedure. This company checks most of the items mentioned in connection with the other two, but does it after underwriting. The company reports that its underwriters respect the computer and are thankful to know that the machine is checking applications for compliance with company rules before the policy is issued.

Mr. Stockton stressed several times that companies using the computers believe their most valuable function is to relieve the underwriting department of basic underwriting and allow concentration on exceptions and special cases.



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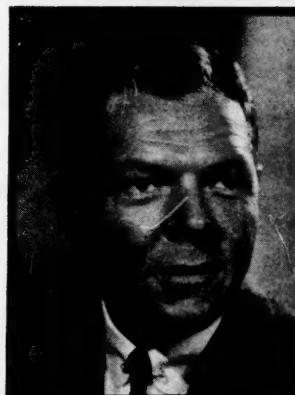
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